

Tax Calculator 1<sup>st</sup> year Summer Exam – Ms. Freeman

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Fill in what the following acronyms stand for:

|                   |                |                                  |   |
|-------------------|----------------|----------------------------------|---|
| Regressive        | VAT            | Value added tax                  | ✓ |
| Direct            | PAYE           | Pay as you earn                  | ✓ |
| Social welfare    | PRSI           | Pay related social insurance     | ✓ |
| 2011              | USC            | Universal social charge          | ✓ |
| Household income  | CGT            | Capital gains tax                | ✓ |
| Interest          | DIRT           | Direct income <u>reposit</u> tax | 0 |
| Reg. plate        | VRT            | Vehicle registration tax         | ✓ |
| Gifts/inheritance | CAT            | Capital <u>a</u> cquisition tax  | ✓ |
|                   | <del>VRT</del> |                                  |   |

98%

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Do the following calculations – **show ALL working and clearly show your answer:**

### Wage Slip:

- (i) Complete the following wage slip for Martina Waldron and calculate her net pay.
- Martina Waldron works for the HSE. Her weekly gross pay is €700. She worked two hours of overtime and earned an extra €150.
  - PAYE is €110, PRSI is €28, USC is €25. She saves €54 and her VHI is deducted from her pay at €10.34 per week.

| Wage Slip      |     |                  |          |
|----------------|-----|------------------|----------|
| Employee name: |     | Date:            | Week no: |
| PPSN: 1234567G |     |                  | 11       |
| Earnings       |     | Deductions       |          |
| Basic wage     | 700 | PAYE             | 110      |
| Overtime       | 150 | PRSI             | 28       |
|                |     | USC              | 25       |
|                |     | VHI              | 10.34    |
|                |     | Savings          | 54       |
|                |     | Total Deductions | 227.34   |
| Gross Pay      | 850 | Net Pay          | 622.66   |

#### Workings:

$$\begin{aligned}
 700 + 150 &= 850 \\
 110 + 28 + 25 + 10.34 + 54 &= 227.34 \\
 850 - 227.34 &= 622.66
 \end{aligned}$$

110

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## Tax Calculation:

Marian Walsh works for MUS4U. She earns €400 a week. Her income tax is 20%.

(i) Calculate Marian's net pay.

| Tax Payable | €                      |
|-------------|------------------------|
| Gross pay   | 400                    |
| Income tax  | $400 \times 20\% = 80$ |
| Net pay     | $400 - 80 = €320$      |

## Premium Calculation:

Rob wishes to insure his house. His house has an alarm but is located in an area prone to flooding. He gets the following quote from Enterprise Insurance Ltd.

- Building: €2 per €1,000 of value.
- Contents: €3.50 per €1,000 of value.
- 10% loading for living in an area prone to flooding.
- 5% discount for alarm.

Building = €250,000  
Contents = €20,000

Calculate Rob's premium.

|                           |                                    |         |
|---------------------------|------------------------------------|---------|
| Building                  | $250,000 \div 1000 \times 2 = 500$ | 500     |
| Contents                  | $20,000 \div 1000 \times 3.5 =$    | 70      |
| Total                     | $500 + 70 =$                       | 570     |
| + 10% loading             | $570 \times 10\% =$                | +57     |
| - 5% alarm discount total | $570 \times 5\% =$                 | -28.5   |
| Premium                   | $570 + 57 - 28.5$                  | €598.50 |

**Rough work:**

$250 \times 2 = 500$   
 $20 \times 3.5 = 70$   
 $57 \div 2 = 28.5$



These are the principles of insurance – pick 3 – Name it, explain it and give an example of it in the table below:

Indemnity, Insurable Interest, Utmost Good Faith, Contribution and Subrogation

| Name the Principal | Explain it  | Example   |
|--------------------|---|---|
| Utmost good faith  | When filling out a proposal form or insurance claim one must always tell the truth and not leave anything out | If you are a skydiving instructor and you are applying for health insurance, you have to let the insurance company know |
| Contribution       | If a risk is insured with multiple insurance companies, they split the compensation between them              | If you have your car insured with two different companies and you crash, they will both contribute evenly               |
| Insurable interest | To insure something, you must benefit from it's existence and suffer from it's loss                           | You cannot insure your neighbour's car as it doesn't affect you, but you can insure your own                            |

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**Explain the following – make sure you have at least two points for each one:**

|                      |   |
|----------------------|---|
| <b>DIRT</b>          | <p>1 Tax paid on interest earned on savings 3</p> <p>2 Financial institutions are responsible for paying it 3</p> |
| <b>Motor Tax</b>     | <p>1 This is an indirect tax 3</p> <p>2 If a car is driven in a public area motor tax has to be paid 3</p>        |
| <b>Premium</b>       | <p>1 Price paid for insurance 3</p> <p>2 Billed annually or monthly 3</p>   |
| <b>Proposal Form</b> | <p>1 Form filled out when applying for insurance 3</p> <p>2 You must tell the truth when filling it out 3</p>     |
| <b>Loading</b>       | <p>1 An extra charge on insurance 3</p> <p>2 Usually charged because of circumstances 3</p>                       |

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### 3 types of motor tax: insurance

- 1 Comprehensive
- 2 3rd party
- 3 3rd party, fire and theft

### 2 types of life insurance: assurance

- 1 Whole life assurance
- 2 Term life assurance