Chapter 11 PP Q's Insurance & Tax

Insurance

2015 Q6 (A)

Read the information supplied and answer the questions which follow.

PRIVATE MOTOR INSURANCE PROPOSAL FORM DECLARATION

I/We declare to the best of my/our knowledge and belief that the information given on this form is true and complete in every respect.

- (i) Outline the function of an insurance proposal form.
- (ii) Explain the principle of insurance, referred to in the extract from the above private motor insurance proposal form.
- (iii) Outline **two** other principles of insurance that apply to insurance contracts.

MS: 5m (2+3); 5m (2+3); $2 \times 5m (2+3)$

(i)	
<u> </u>	
<u>(ii)</u>	
(iii)	

2010 - Short Q7

Illustrate the difference between the insurance principles 'Insurable Interest' and 'Indemnity'.

2016 Q4 Short - MS: 3+3+2+1+1

Column 1: Terms	.Column 2: Explanations
1. Insurable Interest	A. Applies if item is insured against the same risk with
1. Ilisarable litterest	more than one insurance company.
2. Average Clause	B. The insured person cannot make a profit from
2. Average Clause	insurance.
3. Subrogation	C. The insured person must gain from the item's
3. Subrogation	existence and suffer financially from its loss.
4. Contribution	D. Applies if an item is under-insured and there is a
4. Contribution	partial loss.
5. Indemnity	E. The insured person must declare all material facts
J. Indemnity	about the item being insured.
	F. Once compensation has been paid any legal right
	to the item recovered passes to the insurer.

1	2	3	4	5

INSURANCE & TAX

The Business Guys

2020 Short Q10

Henry Winters insured his home for €200,000 with Allianz. The market value of the house is €250,000. A chimney fire caused €36,000 worth of damage.

- (i) Calculate the amount of compensation Henry will receive from Allianz. Show your workings.
- (ii) Explain why Henry receives this amount of compensation.

MS: (i) Calculation = 1+1+1+3 (ii) 4m (2+2)

(i)	
(ii)	

2021 Short - Q4

Circle the correct option in the case of each of the following statements MS: 3,2,2,2,1

- (i) A larger policy excess will result in a higher / lower insurance premium.
- (ii) The person who calculates the amount of compensation to be paid to a claimant is known as an **Actuary / Assessor**.
- (iii) Indemnity / Utmost good faith means you cannot make a profit from an insurance claim.
- (iv) Loadings on an insurance policy result in an increase / decrease in the premium.
- (v) An insurance company who tries to reclaim any losses against a third party is using the principle of contribution / subrogation.

NSURANCE & TAX

The Business Guys

2014 Q5 (C)

Explain what it means to be 'underinsured' and outline one possible effect
of being underinsured on a business. (15 marks)
MS: (4 + 4 + 4 + 3)

2012 Q5 (A) Read the information supplied and answer the questions which follow.

Bianua Ltd, a medium size company, operating in the agrifood sector, supplies quality prepared food products in Ireland and in the UK market. Draft a business letter from EXON Insurance PLC to Bianua Ltd, using today's date, identifying the possible business risks and the appropriate types of insurance for Bianua Ltd. Use fictitious names and addresses. (20 marks)

MS: Layout: 8 marks Letterhead 1m Date 2m, RE 1m Inside Name &

Address 1m Salutation 1m, Complimentary Close 1m, Author's Signature 1m. 4 risks @ 2m 4 types of insurance @ 1m

NSURANCE & TAX

The Business Guys

2009 - Short Q3

Distinguish between 'Public Liability' and 'Fidelity Guarantee' as types of
insurance.
Public Liability Insurance
Fidelity Guarantee Insurance

INSURANCE & TAX

The Business Guys

2018 Q5 (B)

Draft a business letter, using today's date, from Phoenix Risk Management Ltd to Ricardo's Burgers Ltd, a fast food retailer. In your letter identify the main types of insurance Ricardo's Burgers Ltd should have **and** outline ways in which it could minimise business risks. Use fictitious names and addresses. (25 marks)

MS: Layout 9 (Address(1) Address(1) Date(2) Dear(2) Re(1) Close(1) Signature (1)

Content 16marks 3@4(2+2) Must have one of the first three policies, named **; Risk minimisation 2@2m

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INSURANCE & TAX

The Business Guys

2020 Q6 (C)

A consumer watchdog is to carry out an investigation into the public liability insurance market as businesses raise concerns about rising insurance costs.

- (i) Explain the term public liability insurance.
- (ii) Outline three types of insurance, other than public liability, that a business might have.

MS: (i) 5m (3+2) (ii) 3 x 5m (3+2)

l (i)	
(i)	
/**\	
(11)	
(ii)	

NSURANCE & TAX

The Business Guys

2011 Q5 (C)

- (i) Illustrate your understanding of the term 'risk management'.
- (ii) Describe **three** methods a manager might consider to minimise risk within a business. (20 marks)

MS: 8 marks (4+4) 3 x 4 marks (2+2)

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Chapter 12 – Insurance and Tax - Tax

2015 Q2 - Short

- (a) What do the letters PAYE stand for?
- (b) Outline two main features of the PAYE tax system

MS: (a) 4m (b) 2 @ 3m

(i)	
(ii)	

2012 Q3 - Short

Explain the difference between the terms tax rates and tax credits.

MS: 6 marks (3+3) 4 marks (2+2)

Tax rates:	
Tax credits: _	

2019 - Short - Q3

In the context of business, what do the following letters stand for?

PAYE	
USC	
PRSI	
DIRT	
CGT	

MS: 3,2,2,2,1

INSURANCE TO SERVICE T

2017 - Short - Q4

Write TRUE or FALSE after each of the following statements.

		True
Stat	Statements	
		False
1	Customs Duty is a tax on goods imported from outside the European	Τ,
'	Union.	∞
2.	Corporation Tax is applied to profits made by every business in	
۷.	Ireland.	ľ£
3.	A P45 is given to employees when their employment is terminated.	X
4.	The existence of Tax Credits reduces the amount of Universal Social	
4.	Charge to be paid.	
5.	Capital Acquisitions Tax is a tax on the profits made on the sale of	
J.	assets.	

2020 Short Q4

Circle the correct option in the case of each of the following statements MS: 3,2,2,2,1

- (i) The profit from the sale of an asset is subject to capital acquisitions tax / capital gains tax.
- (ii) The Universal Social Charge (USC) is an example of a **progressive** / regressive tax.
- (iii) Tax credits increase / reduce the amount of PAYE paid by an employee.
- (iv) Value Added Tax (VAT) is an example of a direct tax / an indirect tax.
- (v) A holiday voucher worth €3,000 given as a benefit-in-kind is / is not treated as taxable income.

Q6 (C) Read the information supplied and answer the questions which follow.

Ben Caffrey is a manager at Fun-Go Holidays Ltd and earns a gross **annual** salary of \in 55,000. His employer provides him with a holiday voucher worth \in 5,000. This is treated as income for tax purposes and is taxed accordingly. Ben's tax information is shown in the following table.

PAYE						
20% on the first €34,550	40% on the balance of his gross income.					
Tax Credits						
Single Person Tax Credit	PAYE Tax Credit	Dependent Relative Tax				
€1,650	€1,650	Credit €70				
USC						
0.5% on the first €12,012	2% on the next	4.75% on the balance of				
0.5 % On the first €12,012	€7,360	his gross income				
PRSI						
Ben pays employee PRSI at 4% of his gross income						

	ch of the following (show your workings):	
	which Ben has to pay (iii) The total amount of PRSI	
(ii) The total	amount of USC (iv) Ben's net annual take-home pay.	

2013 Q5 (A)

Calculate Audrey Stapleton's net monthly take-home pay.

Audrey Stapleton is an employee at BAT Resources Ltd and earns a gross annual salary of \in 78,000. Her employer provides her with a holiday voucher worth \in 2,000. This is treated as a benefit-in-kind for tax purposes and is taxed accordingly.

The standard rate band for a single taxpayer is $\le 32,800$. (This means that the first $\le 32,800$ is taxed at the 20% standard tax rate, and the remainder is taxed at the higher tax rate of 41%.)

Audrey has the following tax credits: Single Person Tax Credit €1,650, PAYE Tax Credit €1,650 and Rent Tax Credit €320.

The Universal Social Charge (USC) rates on Audrey's gross income are 2% on the first €10,036, 4% on the next €5,980 and 7% on the balance of her gross income. Audrey pays employee PRSI at 4% of her gross income.

MS: 14 figures @ 1 mark + 3 figures @ 2 marks

	€	€	€
Gross Salary			
Add Benefit in kind			
Gross Income			
PAYE Tax payable calculation			
€32,800 @ 20%			
€47,200 @ 41% (1m)			
Gross PAYE Tax			
Less Tax credits			
Single Person			
PAYE			
Rent			
Net Tax Payable			
Employee's PRSI €80,000 @ 4%			
Universal Social Charge (USC)			
€10,036 @ 2%			
€5,980 @ 4%			
Balance of €63,984 @ 7% (1m)			
Total Statutory Deductions			
Net Income (Take-home Pay) p.a.			
(€78,000 - €30,410.80)			
	•	•	

^{*}A similar question also came up in 2010 – Short Q10*

Pay As You Earn (PAYE), Value Added Tax (VAT), and Corporation Tax are

2011 Q5 (B)

examples of taxes relevant to a business.

(i) Explain each tax underlined above.		
(ii) Evaluate the implications of each tax for a business. (25 marks)		
MS: 3 x 6 marks (3+3) 7 marks (3+2+2)		
D. A.V. F (DAVE)		
Pay As You Earn (PAYE)		
Value Added Tax (VAT)		
Componentian Tour		
Corporation Tax		
Evaluation		
Pay As You Earn (PAYE)		
Value Added Tax (VAT)		
Corporation Tax		