

# L3 Tax Processes for Assistant Accountants

Sample assessment and mark scheme

# Sample assessment mark scheme

This mark scheme accompanies the L3 Tax Processes for Assistant Accountants sample assessment in ATLAS Cloud which can be accessed via AAT’s Lifelong Learning Portal.

## Notes for students and training providers

This is a sample assessment and mark scheme which is reflective of the question types, depth of content coverage, the level of demand, duration and mark allocation of tasks that will be in the live assessment.

Under each sub-task, you will see a reference to the unit specification, e.g. (1.4.1); this denotes the Learning Outcome, Topic Area and scope being covered in the sub-task, enabling you to identify which area of the unit specification is being assessed.

It is not designed to be used on its own to determine whether students are ready for the live assessment.

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## Version control

Version no.	Publish date	Key changes
1.0	September 2024	Consultation draft

# Assessment information

You have **1 hour and 30 minutes** to complete this **Tax Processes for Assistant Accountants** sample assessment.

- This assessment contains **8 tasks** and you should attempt to complete every task.
- Each task is independent. You will not need to refer to your answers to previous tasks.
- The total number of marks for this assessment is **80**.
- Read every task carefully to make sure you understand what is required.
- Where the date is relevant, it is given in the task data.
- Both minus signs and brackets can be used to indicate negative numbers unless task instructions state otherwise.
- You must use a full stop to indicate a decimal point. For example, write 100.57 not 100,57 or 10057.
- You may use a comma to indicate a number in the thousands, but you don't have to. For example, 10000 and 10,000 are both acceptable.
- You will need to double click to enter values into a gapfill or cell within a table.

### Task 1 (9 marks)

This task is about understanding and calculating UK tax law principles relating to VAT, registration and deregistration and special schemes.

This task contains parts (a) to (c).

**(a) Identify which ONE of the following statements about HMRC is correct. (1 mark)**

- ☐ HMRC is the relevant tax authority for VAT only.
- ☐ HMRC is responsible for the payment of VAT to all VAT registered businesses.
- ☒ HMRC uses the VAT guide and supplementary notices to show how they will interpret VAT law.
- ☐ HMRC regulates VAT outside the UK.

(LO 1.1.1)

**(b) Match the statements below with the correct type of supply. (4 marks)**

Statements	Type of supply
These supplies are not chargeable to VAT.	Exempt ▼
These are taxable supplies, but the amount charged to the customer as a result of adding VAT does not change.	Zero-rated ▼
These supplies include most taxable products and services.	Standard-rated ▼
VAT charged on this type of supply is greater than £nil, but lower than the usual rate.	Reduced-rated ▼

(LO 1.1.3)

TC Footwear Trading started to trade on 1 April 2024, selling shoes for both adults and children. Adults shoes are classified as standard-rated and children’s shoes are classified as zero-rated. Sales for the first six months are shown in the table below.

Month	Adult shoes £	Children’s shoes £
April 2024	14,200	8,300
May 2024	14,900	8,500
June 2024	13,100	7,700
July 2024	14,500	9,000
August 2024	16,800	10,700
September 2024	17,100	8,700

(c) (i) Identify the month end date that TC Footwear Trading will exceed the VAT registration limit. When completing the date, you must enter the year in full, i.e. 2001. (1 mark)

31 JUL2024

(LO 1.2.1)

(ii) Identify whether the following statements are true or false. (3 marks)

Statements	True	False
TC Footwear Trading will exceed the VAT registration threshold using the future test method.	<input type="radio"/>	<input checked="" type="radio"/>
TC Footwear Trading must notify HMRC within 30 days of the month end that the VAT registration threshold was exceeded.	<input checked="" type="radio"/>	<input type="radio"/>
The VAT registration for TC Footwear Trading will take effect from the date the VAT registration threshold was exceeded.	<input type="radio"/>	<input checked="" type="radio"/>

(LO 1.2.1, 1.2.2)

End of task

## Task 2 (8 marks)

This task is about calculating and accounting for VAT.

This task contains parts (a) to (d).

Tiffany is a trainee at a firm of accountants. She would like some help understanding VAT.

### (a) Complete the following statements to assist Tiffany. (2 marks)

The goods bought by a business and the expenses incurred are called  

The VAT due on taxable supplies is called  

(LO 2.3.1)

Tiffany has asked you to show her how to calculate VAT at the standard rate on net and gross amounts.

### (b) Complete the following table to assist Tiffany. State your answers to the nearest penny.

- For invoice A calculate the VAT using the Net value.
- For invoice B calculate the VAT using the Gross value. (2 marks)

Invoice	Net £	VAT £	Gross £
A	125.20	25.04	150.24
B	189.90	37.98	227.88

(LO 2.3.11)

Tiffany has some queries about VAT invoices.

### (c) Identify whether the following statements about invoices are true or false. (2 marks)

Statements	True	False
A simplified invoice is issued by suppliers who are not registered for VAT.	<input type="radio"/>	<input checked="" type="radio"/>
A VAT invoice is not required for invoices containing exempt supplies only.	<input checked="" type="radio"/>	<input type="radio"/>

(LO 2.2.1)

Tiffany is assisting with a VAT return for a client, Martin Shah. She has asked for your help to identify tax points.

A customer of Martin's placed an order for goods on 4 May. The customer paid a deposit on 11 May. The goods were delivered to the customer on 14 May. Martin issued an invoice on 19 May. The customer paid the balance on 31 May.

**(d) (i) Identify the tax point for the deposit. (1 mark)**

- ☐ 4 May
- ☒ 11 May
- ☐ 14 May
- ☐ 19 May
- ☐ 31 May

(LO 2.2.2)

**(ii) Identify the tax point for the balance. (1 mark)**

- ☐ 4 May
- ☐ 11 May
- ☐ 14 May
- ☒ 19 May
- ☐ 31 May

(LO 2.2.2)

End of task

### Task 3 (12 marks)

This task is about the recovery of input tax.

This task contains parts (a) to (e).

#### (a) Complete the following statement. (1 mark)

A business is partially exempt if it makes a mixture of...

- ☐ ...standard-rated and zero-rated supplies.
- ☒ ...taxable supplies and exempt supplies.
- ☐ ...reduced-rated and zero-rated supplies.
- ☐ ...taxable supplies and supplies outside the scope of VAT.

(LO 2.3.5)

A VAT registered business sold a car on which the input tax was blocked at the time of purchase.

#### (b) Identify whether the following statements about the sale of the car are true or false. (2 marks)

Statement	True	False
No output tax is charged as the sale of the car is exempt.	<input checked="" type="radio"/>	<input type="radio"/>
No output tax is charged on the sale of any vehicles.	<input type="radio"/>	<input checked="" type="radio"/>

(LO 2.3.7)

A business is VAT registered. It supplies one product and recovers input tax on business transactions. Every VAT period it receives a VAT refund from HMRC.

#### (c) Identify the type of supply that the business makes. (1 mark)

- ☐ Exempt
- ☐ Standard-rated
- ☒ Zero-rated

(LO 2.3.4)



(d) For each of the three VAT registered businesses below:

(i) identify whether input tax can be recovered, is blocked or is partly blocked (3 marks)

(ii) calculate the amount of input tax which can be recovered for each transaction. State your answers to the nearest penny. If your answer is zero, enter '0.00'. (4 marks)

Transaction	Recover input tax/ Blocked input tax/ Partly blocked input tax	Input tax that can be recovered on the transaction £
Eli is a sole trader who works as a taxi driver. She has purchased a car for £30,000 including VAT at standard rate. The car is used for business purposes only.	Recover input tax	5,000.00
A company leases a car for use by its Sales Director. The leasing cost including VAT at standard rate is £376.80.	Partly blocked input tax	31.40
Dennis is a self-employed builder who uses a commercial vehicle for business. Dennis incurred £1,504.80, including VAT at standard rate on repairs to the vehicle which were invoiced to his wife.	Blocked input tax	0.00

(LO 2.3.7, 2.3.13)

Alfie is a VAT registered sole trader; his car has 75% business use. The car has CO<sub>2</sub> emissions of 173 g/km. The business has paid for fuel totalling £720.00 including VAT at standard rate for the VAT quarter ended 31 December 2024.

Alfie reclaims all of the VAT on the fuel and accounts for private fuel by using the appropriate fuel scale charge.

(e) Complete the following statement. (1 mark)

The correct VAT on the fuel scale charge for the quarter to 31 December 2024 is

(LO 2.3.8)

End of task

#### Task 4 (8 marks)

This task is about preparing, calculating and adjusting information for VAT returns.

This task contains parts (a) to (c).

A company is VAT registered and does not use a special scheme.

Demetri is assisting with the preparation of its VAT return for the quarter ended 31 December 2024.

**(a) Identify which of the following records are NOT relevant for Demetri to prepare the VAT return for the quarter ended 31 December 2024. (1 mark)**

- ☐ Bad debts written off in October 2024.
- ☐ Bank records for October 2024.
- ☒ Inventory records for November 2024.
- ☐ Sales invoices for November 2024.

(LO 2.1.2)

Demetri has identified that some errors were made during the VAT period.

**(b) For each error:**

**(i) calculate the adjustments to be made to VAT. State your answers to the nearest penny. (2 marks)**

**(ii) identify the impact on VAT. (2 marks)**

Error	Adjustment £	Impact on VAT
A sales invoice to a customer for £3,120.00 including VAT at standard rate was not posted in the accounting software.	520.00	Increase output tax ▼
A credit note from a supplier for £528.00 plus VAT at standard rate was recorded twice in the accounting software.	105.60	Increase input tax ▼

(LO 3.1.5, 3.1.6)

The company trades internationally. Demetri has asked you to help him understand postponed VAT.

**(c) Complete the following statements to assist Demetri. (3 marks)**

Postponed VAT relates to the  of .

Postponed accounting  the payment of VAT.

(LO 2.3.9)

End of task

### Task 5 (12 marks)

This task is about verifying VAT returns.

This task contains parts (a) to (b).

(a) Identify whether the following statements about transactions outside the UK are true or false. (3 marks)

Statement	True	False
Box 1 of the VAT return does not include exported goods as they are zero-rated.	<input checked="" type="radio"/>	<input type="radio"/>
Box 4 of the VAT return includes VAT reclaimed on imported goods which have been accounted for using postponed accounting.	<input checked="" type="radio"/>	<input type="radio"/>
Box 6 of the VAT return does not include exported goods as they are zero-rated.	<input type="radio"/>	<input checked="" type="radio"/>

(LO 3.2.2)

A company has recently changed the accounting software it uses to calculate the VAT due to or from HMRC. No special schemes are used.

The Finance Assistant has completed the draft VAT return for the quarter ended 30 June 2024. The Accountant has asked him to complete a reconciliation to the trial balance to confirm the accuracy of the figures before the return is submitted.

The draft VAT return contains the following figures:

	£
Box 1	16,400.00
Box 4	(2,380.00)
Box 5	14,020.00
Box 6	82,000.00
Box 7	11,900.00

The VAT liability in the trial balance at 30 June 2024 has a balance of £23,560.00 and the following figures have been extracted from the nominal ledger:

		£
1.4.24	B/fwd	4,567.78
10.5.24	Paid	-4,567.78
30.6.24	Output VAT	26,800.00
30.6.24	Input VAT	-3,240.00
30.6.24	C/fwd	23,560.00

The trial balance includes closing trade receivables totalling £62,400.00 (all including VAT at standard rate) and closing trade payables totalling £5,160.00 (all including VAT at standard rate) all from the month of June 2024. There were no opening trade receivables or trade payables.

**(b) (i) Identify the reason for the difference between the VAT due in the draft VAT return and the figure on the trial balance. (1 mark)**

- ☐ The software has been incorrectly set up for annual accounting.
- ☒ The software has been incorrectly set up for cash accounting.

(LO 3.2.4)

**(ii) Complete the table below to reconcile the figure in the draft VAT return to the figure in the trial balance. Use minus signs to indicate negative figures where appropriate. (6 marks)**

	£
Amount due per draft VAT return	14,020
Output VAT on aged receivables ▼	10,400
Input VAT on aged payables ▼	-860
VAT liability per the trial balance	23,560

(LO 3.2.6)

**(iii) Identify the TWO correct actions that the Finance Assistant should take. (2 marks)**

- ☐ Correct the VAT return next quarter.
- ☐ Submit the draft VAT return without any changes.
- ☐ Carry out the corrections by making changes to the accounting software and submit the return.
- ☒ Carry out the corrections by making changes to the accounting software.
- ☒ Ask the Accountant to confirm the changes before the return is submitted.
- ☐ Report the corrections to HMRC.

(LO 3.2.3)

End of task

### Task 6 (11 marks)

This task is about VAT rules on record keeping, filing and payment/repayment, including non-compliance implications.

This task contains parts (a) to (c).

#### (a) Identify whether the following statements are true or false. (3 marks)

Statement	True	False
HMRC only considers that a VAT return is late if it is received by HMRC more than three working days after the due date.	<input type="radio"/>	<input checked="" type="radio"/>
HMRC has the power to issue an estimated assessment if a business fails to submit a VAT return.	<input checked="" type="radio"/>	<input type="radio"/>
Penalties will never be payable as a result of a compliance check from HMRC.	<input type="radio"/>	<input checked="" type="radio"/>

(LO 1.5.3, 1.5.5, 1.5.7)

The owner of GV Building Services, a sole trader, is aware that the business reached the VAT registration threshold six months ago on 31 May 2024 and failed to register for VAT.

#### (b) (i) Complete the following statement about GV Building Services. (2 marks)

GV Building Services will face a penalty from HMRC, for a maximum of  of the potential lost revenue.

(LO 1.5.1, 1.5.2)

#### (ii) Identify the date from which HMRC will treat GV Building Services as being registered. (1 mark)

- ☐ 31 May 2024
- ☐ 30 June 2024
- ☒ 1 July 2024
- ☐ 30 November 2024

(LO 1.5.1)

**(iii) Complete the following statement. (1 mark)**

From the date that registration should have taken place, GV Building Services can

attempt to recover any output tax due from customers. ▼

(LO: 1.5.1)

Minhall Trading operates the annual accounting scheme and makes VAT payments monthly to HMRC.

The VAT due for the year ended 30 September 2023 was £39,690.

The VAT due for the year ended 30 September 2024 was £40,770.

**(c) Identify the due dates and payments for Minhall Trading for the year ended 30 September 2024 by completing the following statement. (4 marks)**

Minhall Trading will make payments of £3,969 ▼ per month commencing on 31 January 2024 ▼,  
with a final payment of £5,049 ▼ by 30 November 2024. ▼

(LO 1.4.2)

End of task



### Task 7 (12 marks)

This task is about principles of payroll.

This task contains parts (a) to (c).

**(a) Identify whether an employer must report the following information on a Full Payment Submission (FPS) or an Employer Payment Summary (EPS). (3 marks)**

Information	FPS	EPS
A claim for the Employment Allowance.	<input type="radio"/>	<input checked="" type="radio"/>
Employer's National Insurance contributions.	<input checked="" type="radio"/>	<input type="radio"/>
To inform HMRC that no employees have been paid.	<input type="radio"/>	<input checked="" type="radio"/>

(LO 5.2.4)



**(b) Identify whether the following statement about payroll deductions is true or false. (1 mark)**

Statement	True	False
Student loan repayments are deducted once an employee's income exceeds a pre-determined threshold.	<input checked="" type="radio"/>	<input type="radio"/>

(LO 5.1.7)



Klass Birdie Ltd employs several members of staff. The Finance Manager has reviewed the P60s for the tax year 2024/25 and they were distributed to staff on 20 May 2025.

**(c) (i) Complete the following statement. (1 mark)**

The P60s have been distributed to staff

(LO 5.2.2)

Sarah J is an employee of Klass Birdie Ltd. She has queried the amount shown on her P60 as it does not agree with the amounts she received during 2024/25 which total £19,255.00 from Klass Birdie Ltd.

An extract from her P60 is shown below:

P60 End of Year Certificate

Tax year to 5 April

2025

Pay and Income Tax details

	Pay	Tax deducted
	£p	£p
In previous employment(s)	4,000.00	380.60
		<small>If refund mark 'R'</small>
In this employment	★ 22,800.00	2,463.40
Total for year	26,800.00	2,844.00
	Final tax code	1257L

National Insurance contributions in this employment

NIC table letter	Earnings at the Lower Earnings Limit (LEL) (where earnings are equal to or exceed the LEL)	Earnings above the LEL, up to and including the Primary Threshold (PT)	Earnings above the PT, up to and including the Upper Earnings Limit (UEL)	Employee's contributions due on all earnings above the PT
	£	£	£	£p
A	5,330	5,150	13,520	1,081.60

The following additional details are available:

- Sarah J worked for Klass Birdie Ltd for the last 10 months of 2024/25 and received an annual salary of £28,800 which was paid in equal monthly instalments
- Sarah J was a member of the company pension scheme, employee pension contributions were £120 per month and employer pension contributions were £72 per month.

(ii) Complete the table below to reconcile the amounts Sarah J received to her gross pay from Klass Birdie Ltd and the amount on her P60 in 2024/25. Enter all amounts to two decimal places. Use a minus sign (-) to show any deductions from pay. (7 marks)

	£
Gross pay	24,000.00
Employee's pension contributions	-1,200.00
Taxable gross pay - per P60	22,800
Income Tax	-2,463.40
Employee National Insurance contributions	-1,081.60
Net pay	19,255.00

(LO 5.1.10, 5.1.12, 5.1.3, 5.2.1)

End of task

## Task 8 (8 marks)

This task is about understanding the Construction Industry Scheme (CIS).

This task contains parts (a) to (c).

### (a) Complete the following statements. (2 marks)

Under the Construction Industry Scheme (CIS), contractors are required to submit  CIS returns to HMRC.

The deadline for submission of a CIS return is the .

(LO 4.1.7)

### (b) Identify whether the following statements are true or false. (3 marks)

Statement	True	False
Subcontractors can only be sole traders, not partnerships or limited companies.	<input type="radio"/>	<input checked="" type="radio"/>
When a CIS return is completed by a contractor, two or more subcontractors may have the same verification number.	<input checked="" type="radio"/>	<input type="radio"/>
Contractors can make an inactivity request if they expect to not pay any subcontractors for the next six months.	<input checked="" type="radio"/>	<input type="radio"/>

(LO 4.1.1, 4.1.4, 4.1.7)

Joe and Amelia are subcontractors who have been working for a contractor, Z Ltd.

Joe is a plumber who is not registered under the CIS.

Amelia is an electrician. HMRC have confirmed to Z Ltd that she is registered under the CIS.

The amounts due to Joe and Amelia for the week ending 11 July are:

	Joe £	Amelia £
Gross (including materials)	800.00	2,268.40
Materials paid for by subcontractor	0.00	768.40

(c) Calculate the amounts payable to Joe, Amelia and HMRC for the week ending 11 July. Round your answers to the nearest penny. (3 marks)

	£
Joe	560
Amelia	1,968.40
Amount payable to HMRC	540

(LO 4.1.15)

End of task

Consultation - draft

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