

Up to and including the tax year 2016–17, Tonie was resident in the UK for tax purposes, spending more than 300 days in the UK each year. Tonie understands that for the tax year 2018–19, she will again automatically be treated as resident in the UK, but is unsure of her residence status for the tax year 2017–18. For this tax year, Tonie was neither automatically resident in the UK nor automatically not resident. Throughout the tax year 2017–18, Tonie was travelling around the world and did not stay in any one country for longer than 30 days, although she did spend a total of 50 days in the UK. Tonie has a house in the UK, but it was let out throughout the tax year 2017–18. She is single, has no children, and stayed with a friend on the 50 days which she spent in the UK. Tonie did not do any substantive work in the UK during the tax year 2017–18.

The following information is available for the tax year 2018–19:

Employment

On 6 April 2018, Tonie, who is a software developer, accepted a one-year contract to maintain websites for Droid plc. Droid plc treated the contract as one of employment, with the payments to Tonie being subject to PAYE. However, Tonie thought that, because she was working from home, her employment status should instead have been one of self-employment.

(1) For the term of the contract, from 6 April 2018 to 5 April 2019, Tonie was paid a fixed gross amount of £6,200 a month. During the term of the contract, Tonie was not permitted to work for any other clients. She was required to do the work personally, not being permitted to sub-contract the work to anyone else.

(2) During the term of the contract, Tonie worked from home, but had to attend weekly meetings at Droid plc's offices to receive instructions regarding the work to be performed during the following week. During the period 6 April 2018 to 5 April 2019, Tonie used her private motor car for business visits to Droid plc's clients. She drove 2,300 miles, for which Droid plc paid an allowance of 60 pence per mile.

(3) During the term of the contract, Tonie leased computer equipment at a cost of £180 a month. This was used 100% for business purposes.

Property income

(1) Tonie owns a freehold house which is let out (this is not a furnished holiday letting). The total amount of rent received during the tax year 2018–19 was £10,080.

(2) Tonie partly financed the purchase of the property with a repayment mortgage, paying mortgage interest of £4,200 during the tax year 2018–19.

(3) During May 2018, Tonie purchased a new washer-dryer for the property at a cost of £640. This was a replacement for an old washing machine which was scrapped, with nil proceeds. The cost of a similar washing machine would have been £380.

(4) During November 2018, Tonie purchased a new dishwasher for the property at a cost of £560. The property did not previously have a dishwasher.

(5) The other expenditure on the property for the tax year 2018–19 amounted to £1,110, and this is all allowable.

(6) During the tax year 2018–19, Tonie rented out one furnished room of her main residence. During the year, she received rent of £8,580 and incurred allowable expenditure of £870 in respect of the room. Tonie always uses the most favourable basis as regards the tax treatment of the furnished room.

Other income

(1) On 1 July 2018, Tonie inherited £100,000 (nominal value) of gilts paying interest at the rate of 3%. The inheritance was valued at £120,000. Interest is paid half-yearly on 30 June and 31 December based on the nominal value. Tonie sold the gilts on 30 November 2018 for £121,250 (including accrued interest).

(2) On 31 January 2019, Tonie received a premium bond prize of £100.

(3) On 31 March 2019, Tonie received interest of £520 on the maturity of savings certificates from NS&I (National Savings and Investments).

(b) List FOUR factors which are indicators of Tonie being treated as employed in relation to her contract with Droid plc rather than as self-employed.

Note: You should confine your answer to the information given in the question.
(2 marks)