

Richard Tryer was born on 22 June 1971. He is employed by Prog plc as a computer programmer, and is also self-employed as a website designer. Richard has tried to prepare his own income tax computation for the tax year 2013–14, but he has found it more difficult than expected. Although the sections which Richard has completed are correct, there are a significant number of omissions. The omissions are marked as outstanding (O/S). The partly completed income tax computation is as follows:

Richard Tryer – Income tax computation 2013–14

	Note	£	£
Trading profit	1		O/S
Employment income			
Salary		41,000	
Car benefit	2	O/S	
Fuel benefit	2	O/S	
Living accommodation	3	O/S	
			O/S
Property business profit	4		O/S
Building society interest			1,260
Dividends			O/S
			O/S
Personal allowance			(9,440)
Taxable income			O/S
Income tax			
32,010 at 20%			6,402
O/S at 40%			O/S
O/S at 32·5%			O/S
O/S			
Income tax liability			O/S

Tax suffered at source		
PAYE	9,130	
Building society interest	O/S	
Dividends	<hr/>	
	180	
	<hr/>	
		(O/S)
Income tax payable		<hr/>
		O/S
		<hr/>

Note 1 – Trading profit

Richard commenced self-employment on 1 January 2013. He had a tax adjusted trading profit of £3,840 for the four-month period ended 30 April 2013, and £12,060 for the year ended 30 April 2014. These figures are before taking account of capital allowances.

The only item of plant and machinery owned by Richard is his motor car, which cost £18,000 on 1 September 2013.

The motor car has a CO2 emission rate of 142 grams per kilometre, and 70% of the mileage driven by Richard is for private journeys.

Note 2 – Car and fuel benefits

Throughout the tax year 2013–14, Prog plc provided Richard with a petrol-powered motor car which has a list price of £17,900. The motor car cost Prog plc £17,200, and it has a CO2 emission rate of 144 grams per kilometre. During the tax year 2013–14, Richard made contributions of £1,200 to Prog plc for the use of the motor car.

During the period 1 July 2013 to 5 April 2014, Prog plc also provided Richard with fuel for private journeys. The total cost of fuel during the period 1 July 2013 to 5 April 2014 was £4,200, of which 45% was for private journeys.

Richard did not make any contributions towards the cost of the fuel.

Note 3 – Living accommodation

Throughout the tax year 2013–14, Prog plc provided Richard with living accommodation. The property has been rented by Prog plc since 6 April 2013 at a cost of £1,100 per month. On 6 April 2013, the market value of the property was £122,000, and it has an annual value of £8,600.

On 6 April 2013, Prog plc purchased furniture for the property at a cost of £12,100. The company pays for the running costs relating to the property, and for the tax year 2013–14 these amounted to £3,700.

Note 4 – Property business profit

Richard owns a freehold shop which is let out unfurnished. The shop was purchased on 1 October 2013, and during October 2013 Richard spent £8,400 replacing the building's roof. The shop was not usable until this work was carried out, and this fact was represented by a reduced purchase price. During November 2013, Richard spent £800 on advertising the property for rent.

On 1 December 2013, the property was let to a tenant, with Richard receiving a premium of £12,000 for the grant of a 30-year lease. The monthly rent is £830 payable in advance, and during the period 1 December 2013 to 5 April 2014 Richard received five rental payments.

Due to a fire, £8,600 was spent on replacing the roof of the shop during February 2014. Only £8,200 of this was paid for by Richard's property insurance.

Richard paid insurance of £480 in respect of the property. This was paid on 1 October 2013 and is for the year ended 30 September 2014.

Other information

Richard did not make any personal pension contributions during the tax year 2013–14. He has never been a member of a pension scheme.

Required:

Accommodation benefit will be assessed to income tax?