

On 6 April 2021, Simon commenced employment with Echo Ltd.

On 1 January 2022, he commenced in partnership with Art, preparing accounts to 30 April. The following information is available for the tax year 2021-22:

## **Employment**

(1) During the tax year 2021-22, Simon was paid a gross annual salary of £23,700.

(2) Throughout the tax year 2021-22, Echo Ltd provided Simon with living accommodation.

The company had purchased the property in 2006 for £89,000, and it was valued at £143,000 on 6 April 2021.

The annual value of the property is £4,600.

The property was furnished by Echo Ltd during March 2021 at a cost of £9,400.

The living accommodation is not job related.

(3) On 1 December 2021, Echo Ltd provided Simon with an interest-free loan of £84,000, which he used to purchase a holiday cottage.

## **Partnership**

(1) The partnership's tax adjusted trading profit for the four-month period ended 30 April 2022 is £29,700. This figure is before taking account of capital allowances.

(2) The only item of plant and machinery owned by the partnership is a motor car which cost £18,750 on 1 February 2022.

(3) Profits are shared 40% to Simon and 60% to Art. This is after paying an annual salary of £6,000 to Art.

The motor car has CO<sub>2</sub> emission rate of 155g per kilometre. It is used by Art and 40% of the mileage is for private journeys.

## **Property income**

(1) Simon owns a freehold house which is let out furnished.

The property was let throughout the tax year 2021-22 at a monthly rent of £660.

(2) During the tax year 2021-22, Simon paid council tax of £1,320 in respect of the property.

He also replaced the property's washing machine during March 2022.

The old washing machine was sold for £70, being replaced by a washer-dryer costing £970.

The cost of a similar washing machine would have been £730.

**(a) Calculate Simon's taxable income for the tax year 2021–22. (13 marks)**