

Jessica - other income:

- Prior to the tax year 2017/18 Jessica had no other source of income.
- Starting from the tax year 2017/ 18. Jessica receives rental income of £6,000 each tax year.

The Langley Partnership:

- Prior to 1 July 2018. there were two partners in the partnership - Issa and Finn.
- From 1 July 2018, the profit sharing ratio will be: Issa 20%, Firm 40%, and Jessica 40%.
- The budgeted tax-adjusted trading (loss/profit) of the partnership is:
- Year ending 31 March 2019 — (£160,000)
- Year ending 31 March 2020 - £205,000.

Jessica — personal pension plan contributions:

- Jessica joined a registered personal pension scheme on 1 May 2018.
- She has not previously been in any pension scheme.
- She wishes to make the maximum possible contributions which will qualify for tax relief in each of the tax years 2018/19 and 2019/20.

(c) Explain, with supporting calculations. the maximum amount of the contributions Jessica can pay into her pension scheme in each of the tax years 2018/19 and 2019/20 without incurring an annual allowance charge. (5 marks)