

Reference	Correction								
Chapter 1, section 3.1, definition of domicile	<p>Replace second paragraph (starting 'A taxpayer's country of birth...') with the following:</p> <p>Domicile is a general law concept. If you were born in the UK, have lived here for most of your life, or are now living here permanently, this is a good indication that you are domiciled in the UK. However, many situations are more complex than this. There are three types of domicile: domicile of origin, domicile of dependence, and domicile of choice. You normally acquire a domicile of origin from your father when you are born, this means that even though you are born in the UK, you may not necessarily be UK domiciled. Until the age of 16, your domicile will follow the person on whom you are legally dependent, for example your father. You have the legal capacity to acquire a new domicile at the age of 16. However, to acquire a domicile of choice you must leave your current country of domicile and settle in another country permanently or indefinitely.</p>								
Chapter 2, Illustration 3, calculation of Bill's Secondary Contributions p27	<p>The workings in row 4 of the table are incorrect and should be:</p> $£(3,400 + 3,000 - 676) = 5,724 \times 13.8\%$								
Chapter 2, Section 4 The employment allowance p27	<p>Companies where the director is the only employee are also excluded from the employment allowance from 2016/17.</p>								
Chapter 2, Activity 1 answer, p34	<p>The calculation of class 1 primary contributions at 12% should have been rounded up to 4,193, giving the overall answer as £4,233</p>								
Chapter 3, Illustration 12, p63	<p>In the first paragraph, it should state that Zach's taxable estate on death is £120,355 (not £120,035).</p>								
Chapter 4, Employment income, p84	<p>Replace wording under Expenses title with:</p> <ul style="list-style-type: none"> • Allowable if: <ul style="list-style-type: none"> ○ Wholly, exclusively and necessarily for employment, or ○ Qualifying travel expenses, or ○ Professional fees or subscriptions • Exempt if allowable and paid or reimbursed by employer • Deduct of allowable and not paid or reimbursed by employer • Watch entertaining 								
Chapter 4, section 5.1 Expenses	<p>5.1 Expenses</p> <p>Employees will incur expenditure performing their job. They may or may not be reimbursed by their employer for these expenses. Certain business expenses are allowable:</p> <ul style="list-style-type: none"> • Wholly, exclusively and necessarily incurred in the performance of the duties of the employment, or • Qualifying travel expenses (see 5.1.4), or • Professional fees and subscriptions <p>The treatment of these expenses depends upon whether the employee is reimbursed for the expenditure by their employer or not.</p> <p>5.1.1 Employee incurs expenses without reimbursement</p> <p>If the employee bears the cost of the expense themselves without reimbursement from their employer then they would simply deduct the expense from their employment income.</p> <p>[insert existing illustration 9 with no changes]</p> <p>5.1.2 Employee incur expenditure and is reimbursed by employer, or employer pays directly</p> <p>From 2016/17 the payment or reimbursement of expenses is exempt (i.e. no need to include in earnings) if they are fully allowable and the employee would therefore otherwise be able to claim a deduction. Employers will no longer be required to apply for a dispensation. This makes the administration of such expenses far simpler.</p> <p>Illustration</p> <p>Paul earns a salary of £35,000 a year. His employer pays his £500 subscription to the Chartered Institute of Taxation.</p> <p>The subscription is exempt income as it is a reimbursed allowable expense, so it is not included in the calculations of earnings.</p> <table border="1" style="width: 100%; border-collapse: collapse;"> <thead> <tr> <th></th> <th style="text-align: right;">£</th> </tr> </thead> <tbody> <tr> <td>Salary</td> <td style="text-align: right;">35,000</td> </tr> <tr> <td>Reimbursed expenses (exempt)</td> <td style="text-align: right;">nil</td> </tr> <tr> <td>Employment income</td> <td style="text-align: right;">35,000</td> </tr> </tbody> </table> <p>5.1.3 Expenses with a private and business element</p>		£	Salary	35,000	Reimbursed expenses (exempt)	nil	Employment income	35,000
	£								
Salary	35,000								
Reimbursed expenses (exempt)	nil								
Employment income	35,000								

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	<p>Strictly, if an expense has a 'private' and 'business' component, then it is not exclusively used in the duties of employment and will not be allowed (for example if a phone is used for work purposes and privately, then no deduction can be claimed for the line rental, although the cost of the business calls would be allowed).</p> <p>In practice HMRC will allow taxpayers to apportion costs where there is a business and a private element. The business use will be an allowable expense, and deductible for the employee on their tax return. If the allowable element is clearly identifiable, the exemption will apply.</p> <p>5.1.4 Travel expenses</p> <p>Travelling expenses are deductible; if the employer reimburses this is an exempt benefit. As noted above, if expenses are not reimbursed then the taxpayer may deduct the expense.</p> <p>Only business travelling is allowable. Normal commuting from home to office is not included.</p> <p>An exception is where an employee is seconded to a temporary workplace for less than 24 months; here commuting from home is allowable.</p> <p>[continue with 5.1.5 with no changes]</p>
Chapter 4, Test your learning, p117	Question 2, change wording of question to: "Expenses are allowable if they are...."
Chapter 7, calculation of income tax, illustration 5, p162	Remove the first graph
Chapter 7, calculation of income tax, illustration 6, p164	The total income tax should be 1,200 (not 800)
Test your learning answers, p241	Question 3, Elizabeth's primary contributions are £4,253 (not £4,793)
Test your learning answers, p242	Final paragraph should say "As the payment is above the permitted amount the excess of £925 will be chargeable...."
Test your learning answers, p248	Q9 answer is £28,260 as shown in the working
Test your learning answers, p256	Q4 answer is £2,560 as shown in the working