

## **Paul Robbins** training and consultancy

### **Personal Tax**

### **Other Assets**

### **Exercise 2 Model Answer**

*Tristan is provided with the use of a Rolex watch by his employer.*

*The market value of the watch when it is provided is £6,600.*

*Two years later he buys the watch from his employer for £4,500 when its market value is £5,250.*

### **Task**

*Calculate the assessable benefit for the private use of the watch.*

*Calculate the assessable benefit for the purchase of the watch.*

### **Assessable benefit – private use of the watch**

*(assessable benefit = 20% of the market value of the asset when first provided)*

$$\text{£6,600} \times 20\% = \text{£1,320}$$

### **Assessable benefit – purchase of the watch**

*(assessable benefit = higher of the market value at the date of the transfer and market value when first provided less benefits for the use of the asset already assessed, less any amounts paid by the employee)*

*Market value at the date of transfer = £5,250*

*Market value when first provided less benefits for the use of the asset already assessed = £6,600 – £1,320 – £1,320 = £3,960*

*£5,250 less £4,500 paid by the employee = £750*