



CeMAP 2

Tests and Activities Pack

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CeMAP[©] 2

Test Pack 2022/2023

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1 Current Tax Sheet

Tax Table 2022/2023

This tax table provides information relating to the **2022/2023** tax year, unless otherwise stated. Questions should be answered (as appropriate) using the provided tax information.

Income Tax (Excluding Scotland) (Note that rates apply to taxable income)

	2021/2022		2022/2023	
	Rate	£	Rate	£
Starting rate for savings	0%	0 to 5,000 (a)	0%	0 to 5,000 (a)
Basic rate	20%	0 to 37,700	20%	0 to 37,700
Higher rate	40%	37,701 to 150,000	40%	37,701 to 150,000
Additional rate	45%	150,001+	45%	150,001+

Income Tax (Scotland Only) (Note that rates apply to taxable income)

	2021/2022		2022/2023	
	Rate	£	Rate	£
Starting rate for savings	0%	0 to 5,000 (a)	0%	0 to 5,000 (a)
Starter rate	19%	0 to 2,097	19%	0 to 2,162
Basic rate	20%	2,098 to 12,726	20%	2,163 to 13,118
Intermediate rate	21%	12,727 to 31,092	21%	13,119 to 31,092
Higher rate	41%	31,093 to 150,000	41%	31,093 to 150,000
Top rate	46%	150,001+	46%	150,001+

Personal Allowances

	2021/2022	2022/2023
	£	£
Personal allowance	12,570 (b) / (c)	12,570 (b) / (c)
Married couple's allowance	9,125 (d)	9,415 (d)
Income limit for personal allowance	100,000	100,000

- (a) Only available on taxable savings income where taxable non-savings income is less than £5,000, note also personal savings allowance of £1,000/£500 for basic/higher rate taxpayers.
- (b) If adjusted net income exceeds £100,000 the personal allowance will reduce by £1 for every £2 of additional income. This reduction applies irrespective of date of birth.
- (c) Marriage allowance enables an individual to transfer up to £1,260 of personal allowance to spouse/civil partner as long as the recipient pays tax at the basic rate or, if in Scotland, starter, basic or intermediate rate.
- (d) If adjusted net income exceeds £31,400 (2021/2022: £30,400), the married couple's allowance is reduced by £1 for every £2 of additional income but will not reduce below £3,640 (2021/2022: £3,530). Only available if one of the couple was born before 6th April 1935.

Note:

Taxable dividend income outside the £2,000 dividend allowance is taxed at 8.75% (2021/2022: 7.5%), 33.75% (2021/2022: 32.5%) or 39.35% (2021/2022: 38.1%) for basic, higher or additional rate taxpayers respectively.

Inheritance Tax – (IHT)

Gross transfer on death	Rate
First £325,000 (a)	Nil
Excess (b)	40%
Chargeable lifetime transfer	20%

- (a) With possible residence nil rate band of £175,000 for 2021/2022 and 2022/23.
- (b) The rate is 40% unless 10% of the net estate is gifted to charity, then the rate is 36%.

Gifts **£**

Annual exemption	3,000
Small gifts exemption	250

Gifts in consideration of marriage:

from parents (per parent)	5,000
from grandparents (per grandparent)	2,500
from others (per person)	1,000

Reduction on tax charge for gifts within 7 years of death:

Years between gift and death	% of death rate tax payable
0 - 3	100%
3 - 4	80%
4 - 5	60%
5 - 6	40%
6 - 7	20%
After Year 7	Exempt

Capital Gains Tax – (CGT)

	Rate	2021/2022	Rate	2022/2023
Annual exempt amount	0%	£12,300	0%	£12,300
Chargeable gains	10%*	On gains falling within basic rate band.	10%*	On gains falling within basic rate band.
	20%**	On gains falling within higher / additional rate band.	20%**	On gains falling within higher / additional rate band.

*18% for residential property not subject to private residence relief.

**28% for residential property not subject to private residence relief.

Stamp Duty Land Tax – (SDLT)

The following rates will be charged on the element of the residential property purchase price within each tax band:

Rate	Value of property
0%	0 - £125,000*
2%	£125,001 - £250,000*
5%	£250,001 - £925,000*
10%	£925,001 - £1,500,000
12%	£1,500,001 and over

*First-time buyers will be exempt from SDLT on properties with a purchase price of £300,000 or less. SDLT at the rate of 5% will apply to the excess over £300,001 to £500,000. Standard rates apply to £500,001 and above.

Land Transaction Tax (Wales) – (LTT)

The following rates will be charged on the element of the residential property purchase price within each tax band:

Rate	Value of property
0%	0 - £180,000
3.5%	£180,001 - £250,000
5%	£250,001 - £400,000
7.5%	£400,001 - £750,000
10%	£750,001 - £1,500,000
12%	£1,500,001 and over

There is no additional exemption for first-time buyers in Wales.

Land and Buildings Transaction Tax (Scotland) – (LBTT)

The following rates will be charged on the element of the residential property purchase price within each tax band:

Rate	Value of property
0%	0 - £145,000
2%	£145,001 - £250,000
5%	£250,001 - £325,000
10%	£325,001 - £750,000
12%	£750,001 and over

First-time buyers will be exempt from LBTT on properties with a purchase price of £175,000 or less. First-time buyers buying a property for more than £175,000 will receive relief on the portion of the purchase price below the threshold.

Pension Allowances

	Annual Allowance	Lifetime Allowance
2013/2014	£50,000	£1,500,000
2014/2015	£40,000	£1,250,000
2015/2016	£40,000	£1,250,000
2016/2017	£40,000**	£1,000,000
2017/2018	£40,000**	£1,000,000
2018/2019	£40,000**	£1,030,000
2019/2020	£40,000**	£1,055,000
2020/2021	£40,000*	£1,073,100
2021/2022	£40,000*	£1,073,100
2022/2023	£40,000*	£1,073,100

*For every £2 of adjusted income above £240,000, (and where threshold income is over £200,000) an individual's annual allowance will reduce by £1 to a minimum of £4,000.

**For every £2 of adjusted income above £150,000, (and where threshold income is over £110,000) an individual's annual allowance will reduce by £1 to a minimum of £10,000.

Pension Credit

Entitled to credit necessary to guarantee a minimum income:

	2021/2022	2022/2023
Single person	£177.10 per week	£182.60 per week
Couple	£270.30 per week	£278.70 per week

Capital over £10,000 is deemed to produce income of £1 per week for every £500 (or part) over £10,000.

2 CeMAP 2 Unit 3 (Mortgage Law) – 3A

This 25-question test covers Unit 3 of CeMAP 2. If you want to mirror the actual exam, you'll want to take no longer than 30 minutes.

The examination board's tax sheet is on the next page and the answers appear after the test.

Good luck.

- 1 Which of the following is correct in relation to estate agents?
 - A Fees are usually higher when an estate agent has the sole agency.
 - B Fees are usually lower when an estate agent has the sole agency.
 - C They are not permitted to charge the vendor a fee if no sale is made.
 - D Where a multiple agency exists, the fee is shared equally between several estate agents.

- 2 Clive's mortgage application, made in December 2022, is unregulated because it is a:
 - A bridging loan.
 - B debt consolidation.
 - C home improvement loan.
 - D commercial mortgage.

- 3 In the property-buying process, what step may the vendor take if the purchaser withdraws after exchange of contracts?
- A Insist that the purchase proceeds on the terms agree
 - B Insist that the purchaser's deposit is paid as compensation.
 - C Sue the purchaser for breach of contract.
 - D Sue, the purchaser's solicitor for professional negligence.
- 4 A survey report on Tony's house has recommended the involvement of a tree surgeon. What aspect of his property needs attention?
- A Foundations.
 - B Gas supply.
 - C Ring mains.
 - D Roofing.
- 5 A builder is planning to buy a terraced house, in cash, at a property auction. If this is due to take place on 15 June, by what *latest* date should he have the cash available for the deposit?
- A 15 June.
 - B 22 June.
 - C 29 June.
 - D 15 July.
- 6 Hazel paid a £5,600 deposit following her successful bid at a property auction, but due to an unexpected change in her circumstances, she was unable to proceed with the purchase. How much of her deposit will normally be returned to her?
- A None of it.
 - B Only £560.
 - C Only £5,040.
 - D All of it.

- 7 Which of the following is correct in relation to considering a mortgage request from a limited company?
- A A lender will often seek personal guarantees from the directors as additional security for the loan.
 - B A loan cannot be made to the company itself because it is not legal entity.
 - C Any mortgage will be held in the names of the directors.
 - D The loan is made to the directors.
- 8 A person of unsound mind who requires housing funded by a mortgage:
- A is able to borrow in his or her own right.
 - B must be represented by a person appointed by the Court of Protection.
 - C needs to appoint an lasting power of attorney to another individual.
 - D should appoint a specific power of attorney to another individual.
- 9 Sam bought a newly-constructed house with NHBC Buildmark scheme protection dating from June 2012. When is the insurance under the scheme due to expire?
- A July 2014.
 - B July 2015.
 - C July 2018.
 - D July 2022.

- 10 John has exchanged contracts to buy a property in England. If he subsequently does NOT complete the purchase, how, if at all, would he be affected?
- A He would not be affected.
 - B He could be sued by the estate agent on behalf of the vendor.
 - C He could be sued by the vendor for any losses incurred plus interest.
 - D His liabilities are limited only to the monies already paid.
- 11 When providing mortgage advice, a mortgage adviser will detail his fees, charges and confirm the level of service that will be provided by issuing
- A a certificate of approval in principle.
 - B an Initial Disclosure Document.
 - C a mortgage offer.
 - D a suitability report.
- 12 Nick is selling his house and using estate agent Jennifer, solicitor Mark and surveyor Howard. Under the principles of agency, who is deemed the principal in the transaction?
- A Howard.
 - B Jennifer.
 - C Mark.
 - D Nick.
- 13 The personal representative of an estate:
- A can borrow funds to administer the estate.
 - B is appointed by a grant of probate.
 - C is responsible for distributing the estate in accordance with the will.
 - D is named in the deceased's will.

- 14 What minimum percentage of a residential property must be used as a dwelling by a borrower if any loan secured against it by means of a first legal mortgage is to be regulated by the MCOB Rules?
- A 20%.
 - B 25%.
 - C 40%.
 - D 50%.
- 15 The Mortgage Conduct of Business rules ban 'unsolicited real-time promotions'. What does this cover?
- A Cold calling.
 - B Direct mail.
 - C Requests for referrals.
 - D Off-the-page advertising.
- 16 Steven and Mary own a flat situated in a purpose built block comprising 12 identical properties. They are keen to purchase the freehold interest but for this to be possible, the Commonhold and Leasehold Reform Act 2002 requires that:
- A all other qualifying leaseholders in the block must be party to the transaction.
 - B the entire block must be only for residential use.
 - C the lease must have at least 21 years to run.
 - D the lease must have originally been granted for a term exceeding 21 years.
- 17 From what date were mortgage advisers obliged to conform to the Mortgage Conduct of Business Rules?
- A 1 July 2004.
 - B 1 August 2004.
 - C 30 September 2004.
 - D 31 October 2004.