UK financial services, regulation and ethics

CF1: 2017–18 edition

Web update 3: 30 January 2018

Please note the following update to your copy of the 2017–18 edition of the **CF1** study text:

Chapter 7, section B7, page 7/12

Please replace current example 7.4 with the following:

Example 7.4

Kavita has employment income of £35,500, bank interest of £1,000 and dividends from shares of £6,000.

Her tax is calculated as follows:

					Tax (£)
Personal allowance	£11,500	×	0%	=	0
Employment income	£24,000	×	20%	=	4,800
Bank interest	£1,000	×	0%	=	0
Dividends	£5,000	×	0%	=	0
	£1,000	×	7.5%	=	75
Total gross income	£42,500			**Total tax**	**£4,875**

Tax on the employment income is deducted via PAYE. Bank interest is paid without deduction of income tax and, as Kavita is a basic-rate taxpayer, the Personal Savings Allowance means the £1,000 is tax free. The first £5,000 of dividends fall within the Dividend Allowance, with the balance taxed at the marginal rate. This tax is collected via self-assessment.