

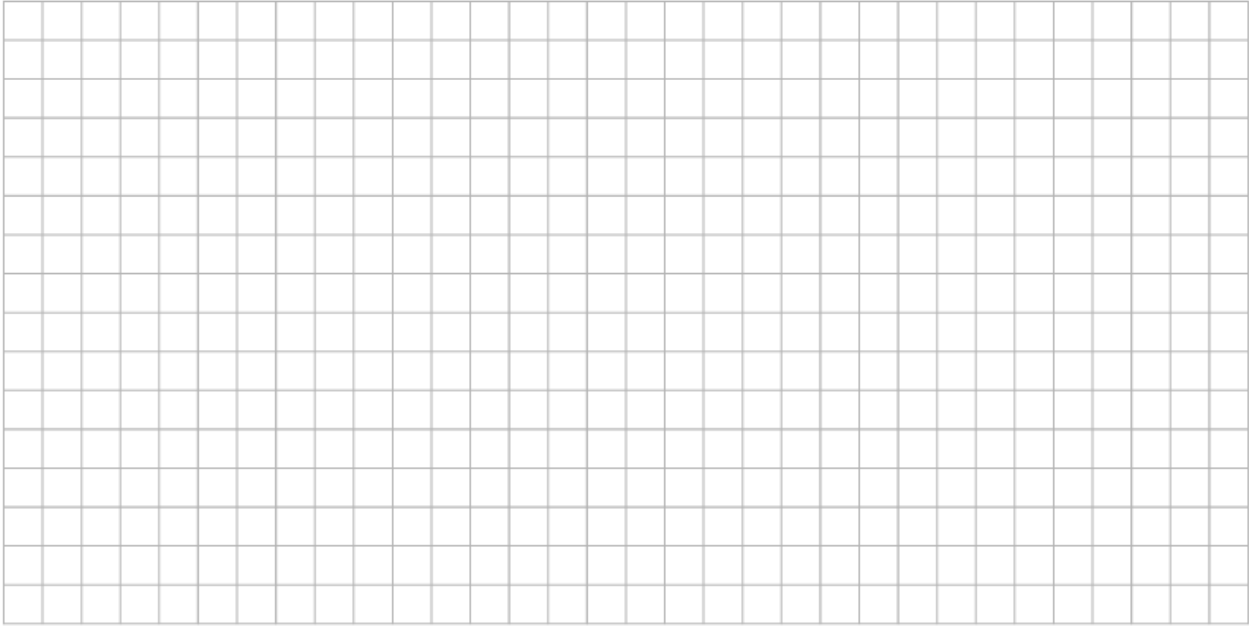
Question 1

**Question 4**

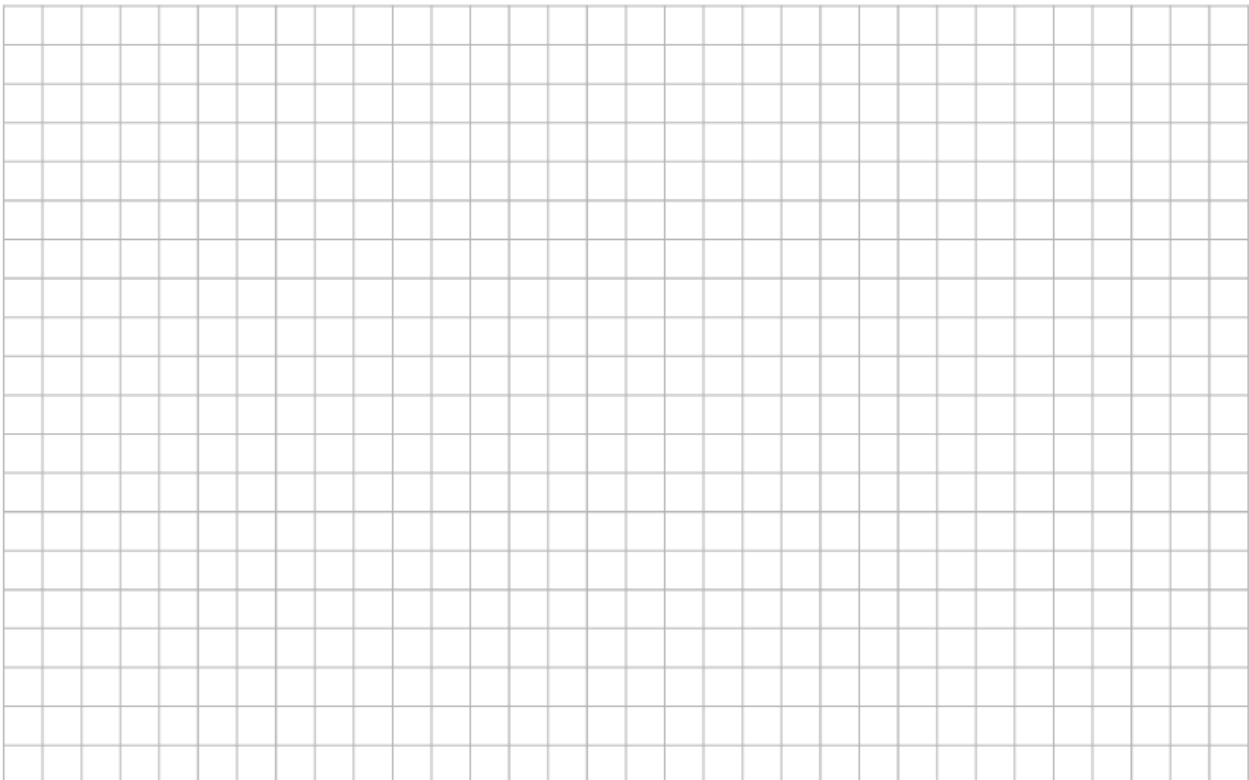
**(Suggested maximum time: 10 minutes)**

Dermot has €5000 and would like to invest it for two years. A special savings account is offering a rate of 3% for the first year and a higher rate for the second year, if the money is retained in the account. Tax of 41% will be deducted each year from the interest earned.

- (a) How much will the investment be worth at the end of one year, after tax is deducted?



- (b) Dermot calculates that, after tax has been deducted, his investment will be worth €5223.60 at the end of the second year. Calculate the rate of interest for the second year. Give your answer as a percentage, correct to one decimal place.



## Question 2

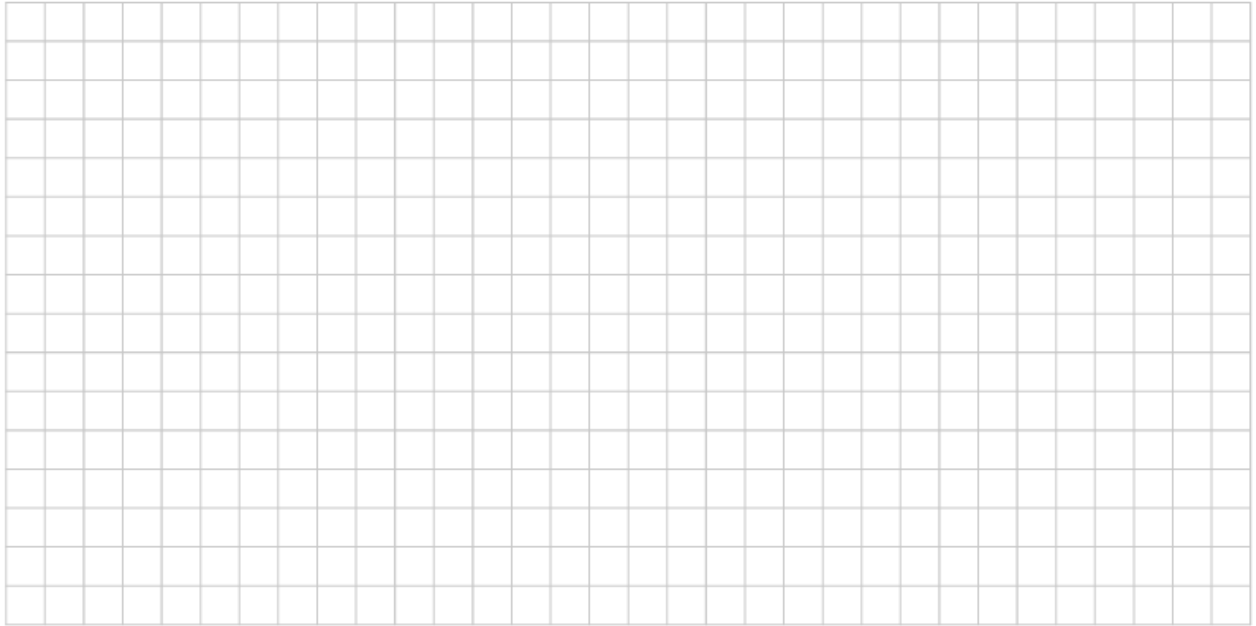
Last year Elena had a gross income of €36 960.

She had to pay Universal Social Charge (USC) and income tax on her gross income.

The rates and bands of USC are as follows.

Income band	Rate of USC
Up to €10 036	2%
Between €10 036 and €16 016	4%
Above €16 016	7%

- (i) Find the amount of USC that was deducted from Elena's gross income last year.



- (ii) The standard rate of income tax was 20% and the higher rate was 41%.

The standard rate cut-off point was €32 800.

Elena paid a total of €4965.60 income tax last year.

Find Elena's tax credits for the year.

