

QP CODE 2065516202

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DMI-ST. EUGENE UNIVERSITY

ZAMBIA

DEGREE EXAMINATION – DECEMBER 2024

Semester: VI

551CO62 TAXATION LAW & PRACTICE

Time: 3:00 Hours

Max. Marks: 100

Answer any FIVE Questions (5 x 20 = 100 Marks)

1. a) What is Tax? Outline three (3) features that distinguish tax from other forms of Levies in Zambia. **(5 Marks)**
b) Explain the major types of Direct taxes found in the Country. **(10 Marks)**
c) Outline the objectives of Taxation. **(5 Marks)**
2. a) State any five (5) examples of cash benefits that are taxable on the employees under PAYE. **(5 Marks)**
b) Kasonde's basic pay is K6, 500 per month. He has three children and each Child is entitled to education allowance of k1000 per month. He was also entitled to a housing allowance of k1, 200 per month and transport/fuel allowance of k500 per month.
Required
Calculate Kasonde's Pay As You Earn assuming the above emoluments are for the month of March 2024. Use revised rates. **(15 Marks)**
3. a) In order to determine as to whether an individual is an employee or is self-employed person, the Zambia Revenue Authority (ZRA) will normally apply a number of tests. Discuss these tests conducted by ZRA before taxing an individual. **(10 Marks)**
b) Outline five (5) examples of allowable expenditure recognized by ZRA. **(5 Marks)**
c) Explain the type of profit accepted by ZRA from Business Trading Concerns. **(5 Marks)**

4. a) Taxes may sound like an added burden for consumers, but indirect taxes are not always just a negative thing. Discuss some of the advantages of Indirect Taxes. **(10 Marks)**
b) At what percentage is VAT Levied? **(2 Marks)**
c) State the demerits of indirect taxes such as VAT. **(8 Marks)**
5. a) Differentiate excise tax from sales tax. **(10 Marks)**
b) If objective and quantifiable data do not exist with regard to the valuation factors on custom duty, if the valuation conditions are not fulfilled, or if Customs authorities have doubts concerning the truth or accuracy of the declared value in terms of Rule 12 of the said Valuation Rules, 2007, the valuation has to be carried out by other methods in the hierarchical order. Discuss these methods used by the Authorities. **(10 Marks)**
6. a) Outline the key distinctions between direct and indirect taxes. **(10 Marks)**
b) Discuss the principles of taxation that provide an effective tax system in the Country. **(10 Marks)**
7. a) Write the formula for Computation of income tax under profits and gains of business. **(10 Marks)**
b) Distinguish tax evasion and tax avoidance which some individuals in businesses are practicing and give some remedies on how to cure such practices. **(10 Marks)**