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# DMI-ST. EUGENE UNIVERSITY

ZAMBIA

DEGREE EXAMINATION – JUNE 2024

Semester: VII

551 AC 74 TAXATION LAW & PRACTICE

Time: 3:00 Hours

Max. Marks: 100

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

1. a) Present and outline the key differences between direct and indirect tax. (10 Marks)  
b) Describe the principles of taxation that provide an effective tax system in the Country. (10 Marks)
2. a) Explain how Individual income tax liability is determined? (5 Marks)  
b) Mr. Soko who is the Managing Director for ZESCO gets a salary of k75, 000 on top of which he gets cash benefits such as Fuel allowance of k4, 000 per month and food allowance of k3000.  
Required  
Calculate the income tax liability due. Use the revised tax rates. (10 Marks)  
c) Explain the concept of PAYE system clearly stating the exact date on which employers must remit to ZRA. (5 Marks)
3. a) Outline the various types of disallowed expenditures included in the computation of taxable trading profit of the business. (10 Marks)  
b) List and explain the factors that cause taxpayers to practice Tax Evasion. (10 Marks)
4. a) VAT is an indirect tax which was introduced in Zambia on 1st July 1995 to Replace Sales Tax. Describe the benefits of the introduction of VAT to Zambia's economy. (10 Marks)  
b) Aside VAT, explain other types of Indirect taxes implemented by ZRA through Ministry of Finance and National Planning. (10 Marks)
5. a) Discuss in details the two categories of Excise Tax. (10 Marks)  
b) Describe how custom duty works in Zambian context? (10 Marks)
6. a) Compare and contrast tax evasion and tax avoidance respectively. (10 Marks)

- b) Discuss the types of Indirect taxes in Zambia. **(10 Marks)**
- 7. 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)**