

UGANDA MARTYRS UNIVERSITY, NKOZI AND LUBAGA
CAMPUS

FACULTY OF BUSINESS ADMINISTRATION AND
MANAGEMENT

DEPARTMENT OF ACCOUNTING AND FINANCE

BAM III AND BREM III SEMESTER TWO 2022/2023

COURSE UNIT: TAXATION & TAX MANAGEMENT

DATE: Wednesday, 17th May 2023

Time allowed: 9:30am -12:30pm

Instructions to Candidates:

Read the following before answering the examination questions.

1. Do not write anything on this question paper.
2. Write neatly and show all workings clearly.
3. Start every question on a new page
4. Clearly state the question number & sections attempted.
5. Attempt 4 questions in all.
6. Write neatly and show all workings.
7. Every question attempted should be started on a new page.

QUESTION 1

Mr. Ekumu is an employee of Bokstar Ltd. During the year ended 31.12.2022, he received the following from the employer.

- | | shs |
|---|------------|
| 1. Basic monthly salary | 450,000 |
| 2. Annual medical reimbursement | 2,000,000 |
| 3. Leave pay | 1,000,000 |
| 4. Company loan of 5% interest (Bank interest is 20%) | 20,000,000 |
| 5. Company food ration worth | 200,000 |
| 6. Air ticket during annual leave | 3,000,000 |
7. During the year, he was given a company car which was bought at shs.20,000,000 five years ago. It is depreciated on a straight – line basis at 10%. It is estimated that private use of the car was 73 days during the year. The company deducts shs.30,000 per month from his emoluments in respect of the car benefit.
8. He stays in a company house whose monthly market rental value was put at shs.100,000 by a recent market survey.

Required:

Compute Mr. Ekumu's annual taxable income and tax liability for the year ended 31.12.2022 (25 marks)

QUESTION 2

Nanseko is a landlady with steady tenants. She earned rental income from her houses in different locations as given, below for the year ended 31-12-2022; -

Location	Monthly Rent (Shs)	Monthly Maintenance Expenditure (Shs)
Plot 6, Ntinda	3,000,000	500,000
Plot 7, Muyenga	4,000,000	600,000
Plot 10, Makerere	2,000,000	300,000

- a) Required: Compute Nanseko's rental income tax for the year ended 31-12-2022. (10 marks)

- b) Recompute the above above rental tax, if Amos and Robert were in a partnership and their stake is in a ratio of 2:3. (5 marks)
- c) If the land lord in (a) above was National Housing and Construction Company Ltd, comment as it would make a difference in the tax payable, and if so compute the tax that would be payable for the year ended 31.12.2022 (10 marks)

QUESTION 3

- Abbey who registered for VAT has the following transactions in the month of March 2018. All amounts are exclusive of VAT

Payments made;	U.Shs
Duplicating paper	218,000,000
Fuel	970,000,000
Water	204,000,000
Telephone	312,000,000
Electricity	447,000,000
Receipts received for the months of March:	
Sales	1,700,000,000
Exports	680,000,000

Required

- (a) Calculate the VAT payable by Abbey for the year of income. (10 marks)
- (b) Advice Abbey on the date when his tax return should be filled with U.R.A (5 marks)
- C)

Ocolo imported textile materials whose taxable value at importation was Shs. 10,000/- import and import Duty was 10%. He sold the goods to Nampere (Wholesaler) at 15,000/- (VAT exclusive). Nampere sold the goods to Kawere (retailer) at Shs. 20,000/= (VAT exclusive). Kawere sold the goods to Kasedde (final consumer at Shs. 30,000/- (VAT exclusive)

Required: Compute VAT liability. (10 Marks)

QUESTION 4.

Mzee identified a car through the internet from Toyota Motors Ltd's website, a company registered in Japan. Mzee made an order in January 2016 for a BMW 2002 invoiced at a

consideration of \$8,000 free on board (FOB) Nagoya Japan. Mzee paid \$1065 for shipment from Japan to Mombasa and \$ 84 insurance premium on board. Kangaroo Cargo Movers Ltd charged Mwalimu Shs 4 million to transport the vehicle from Mombasa to Kampala.

Additional information:

1. Import duty rate for the vehicle is 25%.

2. Environmental levy is 50% for used vehicles older than 8 years.

3. Vehicle registration fees is Shs 2,000,000.

Mwalimu was given an assessment to clear taxes on importation of the vehicle by Uganda Revenue Authority. He, however, was in doubt of Uganda Revenue Authority's computations since it was her first time to make an import. You are working with Kampala Certified Public Accountants as a tax consultant.

Required:

Assuming the bank of Uganda Exchange rate for a dollar was UGX 3,700 compute the necessary taxes to enable Mzee to register the car.

(25 Marks)

QUESTION 5

- a) Explain why the government of Uganda of recent has embarked on Regional Electronic Cargo Tracking System in collecting taxes in the country **(3 marks)**
- b) Explain some of the benefits of Regional Electronic Cargo Tracking System **(10 Marks)**
- c) Why has the government of Uganda embarked on the National Electronic Single Window Project **(3 Marks)**
- d) As a student of taxation management what is the impact of Single Window on business processes **(9 marks)**

QUESTION 6

- a) Explain any four conditions required for registration under VAT Act **(8 marks).**
- b) Explain any five Non tax revenues that URA collects on behalf of ministries and government departments. **(12 marks)**
- c) Explain any five obligations and duties of the taxpayer **(5marks)**

In computing monthly PAYE tax, the following monthly rate of tax are used -

Total Monthly Employment Income	Monthly Income Tax
Where total income does not Exceed Shs.235, 000 per month	NIL
Where total income Exceeds Shs.235, 000 but does not exceed Shs.335,000= per month	10% of the amount by which chargeable income exceeds shs. 2,820,000
Where total income exceeds Shs.335,000= but does not exceed Shs.410,000= per month	Shs.10,000 plus 20% of the amount by which income exceeds shs. 335,000
Where total income exceeds Shs.410,000= per month	Shs.25,000= plus 30% of the amount by which total monthly income exceeds shs. 410,000 Where chargeable income exceeds shs. 10,000,000 per month, an additional 10% of the amount by which chargeable income exceeds shs. 10,000,000 per month

Residents:

Annual Rates

Chargeable Income	Rate of Tax
Not Exceeding Sh282,000=	Nil
Exceeding Sh282,000= but not exceeding 4,020 000=	10% of the amount by which chargeable income
Exceeding Shs.4,020.000= but not exceeding Shs 4,920,000=	shs 120 000= plus 20% of the amount by which Chargeable income exceeds shs4,020,000
Exceeding Shs.4,920, 000=	Shs.300,000= plus 30% of the amount by

	<p>which Chargeable income exceeds shs 4,920, 000=</p> <p>Where chargeable income exceeds Shs 120,000,000 per annum, an additional 10% charged on the amount by which chargeable income exceeds Shs 120,000,000.</p>
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Non Resident PAYE Rates: (Annual Rates)

Chargeable Income	Rate of Tax
Not exceeding Shs,4,020.000=	10%
Exceeding Shs 4,020,000= but not exceeding Shs.4,920,000	Shs.402,000 plus 20% of the amount by which chargeable Shs.4,920000= income exceeds shs.4,020,000=
Exceeding Shs.4,920,000=	Exceeding Shs 4920,000= Shs.582,000= plus 30% of the amount by which chargeable income exceeds Shs.4,920,000= Where chargeable income exceeds 120000,000 per annum, an additional 10% to be charged on the amount by which chargeable income exceeds Shs 120,000,000

END!!!! WISHING YOU SUCCESS.