

**ELIZADE UNIVERSITY,**

**ILARA-MOKIN, ONDO STATE**

**FACULTY: HUMANITIES SOCIAL & MANAGEMENT SCIENCES**

**DEPARTMENT: ACCOUNTING & FINANCE**

**SECOND SEMESTER EXAMINATIONS 2023/2024 ACADEMIC SESSION**

**COURSE CODE: ACF 310**

**COURSE TITLE: TAXATION**

**DURATION: 2.5 HOURS** **HOD’s SIGNATURE**

**INSTRUCTION**: Attempt any **FOUR (4) question** in All

**Q1** (a) What are benefits in kind in relation to the taxation of income from employment?(2 marks)

(b) Identify and briefly discuss the valuation of three (3) taxable benefits in kind. (3 marks)

(c) Mr. Akadiri is the financial controller of Elizade Motors in Ikorodu, Lagos. He is on a salary of N20,000,000 per annum. The following benefits are attached to his employment:

1. A house rented by his employers at N6,000,000 per annum. The annual value of the house for local rates is N2,000,000 per annum.
2. Electricity of N250,000 per annum supplied to his residence.
3. Furniture costing N4,000,000 were paid for by the company.
4. A car which cost N10,000,000 was provided for his sole use.
5. His cook and steward’s salaries amounting to N450,000 and N500,000 per annum respectively were borne by the company.
6. A water pumping machine hired by the company at an annual rent of N1,000,000 was installed at his residence to ensure steady supply of water.

Mr. Akadiri is married with two children, the eldest of whom is 20 years old is a student in Elizade University, Ondo State. He has a life assurance policy on his life secured several years ago for which he pays a monthly premium of N100,000. The capital sum assured is N15,000,000. He also has his sister-in-law staying with him who has been unable to secure a job since leaving school two years ago.

**Required**: Compute the tax liability of Mr Akadiri for 2023 year of assessment. (10 marks)

**(Total = 15 Marks)**

**Q2**. (a) Define a tax authority and indicate the relevant tax authority in relation to individual taxpayers. (5 marks)

(b) Briefly explain the following terms in taxation:

(i) Tax impact and tax incidence (2 marks)

(ii) Self-assessment and government assessment (2 marks)

(iii) Tax assessment and year of assessment (2 marks)

1. Tax base and tax rate (2 marks)
2. Tax avoidance and tax evasion (2 marks)

**(Total = 15 Marks)**

**2021/2022 Q4**

**Q3** (a) In line with the 2020 Finance Act, State the rules governing the ascertainment of assessable income for the first three years on commencement of a business. (3 marks)

(b) Samantha Enterprises commenced business on 1st April, 2020 making up accounts to 31st October each year. The adjusted profits for the respective years are as follows:

N

Period to 31/10/20 1,200,000

Year ended 31/10/21 1,440,000

Year ended 31/10/22 1,280,000

Year ended 31/10/23 1,160,000

**Required:** Compute the assessable income of the business for the relevant years of assessment. (6 marks)

(c) Osaloni who ran a small poultry in Akure had regularly made up his accounts to 30th June each year. She permanently ceased business on 31st December, 2022

Her adjusted profits for the last few years are as follows:

N

Year ended 30/06/20 1,200,000

Year ended 30/06/21 1,150,000

Year ended 30/06/22 1,080,000

Period to 31/12/22 1,030,000

**Required:** Compute the assessable income of the business for the relevant years of assessment (6 marks)

**(Total = 15 Marks)**

**Q4 (a)** In capital allowance computations, explain the terms balancing allowance and balancing charge (3 marks)

**(b)** Oluwatomilayo has been in business for many years making up accounts annually to 31st December. The business acquired and disposed of three motor vehicles as shown in the table below: **PEUGEOT TOYOTA CAMRY**

Date of acquisition 2/1/18 3/6/18 1/12/18

Date of disposal 8/2/21 1/7/21 3/10/21

N N N

Cost on acquisition 1,750,000 1,850,000 1,950,000

Proceeds on disposal 185,000 217,000 1,980,000

**Required:**

Compute the balancing allowance or charge on the disposal of each motor vehicle assuming that initial and annual allowances were claimable at the rates of 50% and 25% respectively. (12 marks)

**21/22 Q2 (Total = 15 Marks)**

**Q5** **(a)** Define a tax authority and indicate the relevant tax authority in relation to:

1. An individual (11/2 marks)
2. Executor (11/2 marks)
3. Trustee (11/2 marks)
4. Partnership (11/2 marks)

**(b)** Chief Abubakar has various sources of income which are liable to withholding tax at source. His business records for the year ended 31st December 2013 disclosed the following:

**TYPE OF INCOME RATE AMOUNT (N)**

Interest received on his fixed deposit accounts 10% 90,000

Dividends received from Nigerian companies 10% 130,000

Rents collected on properties let out to companies 10% 2,160,000

Payments received on various supplies made to government ministries 5% 4,750,000

Contract fees received for building of an office block for Edo state govt. 5% 2,820,000

Appropriate withholding taxes were deducted from the gross amounts due to Chief Abubakar before the net amounts stated above were paid to him by the payers, while the taxes were promptly remitted to the relevant tax authorities.

**Required:** Compute the withholding taxes payable for the relevant year of assessment. (9 marks)

**(Total = 15 Marks)**

**Q6** (a) State the content of tax returns in relation to Personal Income Tax. (2 Marks)

(b) When is an assessment deemed to be final and conclusive? (4 Marks)

(c) What is the due date for payment of income tax charged by an assessment where:

(i) There is no objection? (2 Marks)

(ii) There was an objection or appeal but the objection or appeal has been determined? (2 Marks)

(d) State the content of a notice of appeal to the Body of Appeal Commissioners against an assessment. (5 Marks)

**Total = 15 Marks**