



NATIONAL OPEN UNIVERSITY OF NIGERIA
14/16 AHMADU BELLO WAY, VICTORIA ISLAND, LAGOS
FACULTY OF MANAGEMENT SCIENCES
JULY 2017 EXAMINATION

Course Code: ACC318

Credit Unit: 3

Course Title: ADVANCED TAXATION

Time Allowed: 2 1/2 hours

Instruction:

Attempt question one and any three questions of your choice.

Question one carries 25 marks while others carry 15 marks each.

Present your answer in coherent and orderly manner.

QUESTION 1

Mr. Udem has been in employment of a company for ten years and also runs a private business centre on part-time basis.

Mr. Udem income from various sources for the relevant years is stated thus:

2008	N
Salary and Wages	420,000
Christmas bonus	42,000
Overtime	73,000
Benefits in kinds	64,000
Profits from business center operation (2007)	194, 000
Profit from business centre operation (2008)	260,000
Other income in 2008	
Dividend (gross)	14, 000
Rent (gross)	80, 000

Mr. Udem is married with three children; all of them are below 16 years. He also maintains his aged mother up to N42, 000 per annum. He pays N15, 000 as annual mortgage interest on his personal building and an approved subscription in the sum of N12, 000 per annum.

You are required to compute:

- (a) Mr. Udem Chargeable Income for 2008 Assessment Years; and
- (b) Tax Due on him for 2008 using Current Tax Table.

QUESTION 2

- a) The bad and doubtful debts account of a company for a year showed the following:

	N		N
Trade debts written off	3,000	Reserves b/f	
Reserves c/f		Specific	10,000
Specific	12,000	General	6,000
General	<u>5,000</u>	Charged to Profit & Loss a/c	<u>4,000</u>
	20,000		20,000

Calculate the sum that will be shown as the charge for bad and doubtful debts for the period.(5 marks)

- b) Explain the administration of Education tax in Nigeria (10 marks)

QUESTION 3

Considering the imposition of tax on profit, explain Small business tax rate with reference to the nature of the business being carried on, as well as the turnover of the company in the assessment year.

QUESTION 4

- a) Describe the two traditional approaches to the distribution of tax burden among the taxpaying community
- b) State the tax authorities responsible for tax administration at each tier of government.
- c) State 5 constraints of effective tax administration in Nigeria (25 marks)

QUESTION 5

- a. Explain the terms Tax avoidance and Tax Evasion
- b. What is the difference between tax evasion and tax avoidance?

QUESTION 6

- a) Mention the three ways in which a company shall be chargeable to tax. (6 marks)
- b) Explain the administration of the Petroleum Profit Tax. (9 marks)