UNIVERSITY OF SWAZILAND

INSTITUTE OF DISTANCE EDUCATION

DEPARTMENT OF ACCOUNTING

MAIN EXAMINATION PAPER, DECEMBER 2017

TITLE OF PAPER: TAX APPLICATIONS

YEAR OF STUDY: B.COM LEVEL 6

COURSE CODE: IDE-AC423

TIME ALLOWED: THREE (3) HOURS

INSTRUCTIONS:

1. ANSWER ALL QUESTIONS IN SECTION "A"
2. ANSWER ANY TWO (2) QUESTIONS FROM SECTION "B".
3. ANSWERS SHOULD BE WRITTEN IN THE ANSWER BOOKLETS PROVIDED.
4. DO NOT WRITE ON THE QUESTION PAPER.
5. PORTABLE NON-PRINTING CALCULATORS ARE ALLOWED.

THIS PAPER SHOULD NOT BE OPENED UNTIL PERMISSION HAS BEEN GRANTED BY THE INVIGILATOR.

SECTION A

QUESTION 1

Zwane Property Developers (VAT registered) leases a double storey building in Mbabane which houses a super market and residential flats on the upper floor. The total turnover it receives from the rental of the whole building is E 600,00.00 per month, comprising E 200,000.00 and E 400,000.00 from residential flats and the super market respectively. The total annual electricity bill is E 20,000.00 including VAT for the whole building since there are no separate meter for the flats and super market.

Required

a) Show the treatment of VAT on electricity.   [15 marks]
b) Give reasons for the above treatment.   [15 marks]

QUESTION 2

Describe ay five obligations of a VAT registered supplier.   [20marks]

SECTION B

QUESTION 3

Briefly explain the tax implications of the following;

    a) Balancing charge   [5 marks]

    b) Scrapping allowance   [5 marks]

    c) Company residency   [5 marks]

    d) Agent   [5 marks]

    e) Tax planning   [5marks].

QUESTION 4

Section 15 of the income Tax order 1975, as amended lists about 15 items which are not allowable deductions. List any 10 of the 15 items which are not allowable deductions and give reasons to support your arguments.   [25 marks]

QUESTION 5

What is a partnership and describe how profits and losses are treated in a partnership.   [25 marks]