UNIVERSITY OF SWAZILAND

INSTITUTE OF DISTANCE EDUCATION

DEPARTMENT OF ACCOUNTING

SUPPLEMENTARY EXAMINATION PAPER, JULY 2018

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

Briefly explain the tax implications of the following;

a)	Tax planning	[5 marks]
b)	Tax avoidance	[5 marks]
c)	Tax evasion	[5 marks]
d)	Initial capital allowance	[5 marks]
e)	Income splitting	[5marks]
f)	Dividend	[5 marks].

QUESTION 2

Explain by giving example circumstance how a balancing charge or scrapping allowance can occur on a taxable asset. Show the treatment in each situation.

[20marks]

SECTION B

QUESTION 3

Describe the advantages of VAT.   [25marks].

QUESTION 4

Section 14 of the income Tax order 1975, as amended lists about 23 items which
are allowable deductions. List any 10 of the 23 items which are allowable
deductions and give reasons to support your arguments.   [25 marks]

QUESTION 5

Advise a tax payer intending to build a hotel in 2018 which will approximately cost
E 2,000,000.00. What tax advantages does this tax payer have in Swaziland? Show
the tax treatment for the next two years.

[25 marks]