



UNIVERSITY OF ESWATINI
INSTITUTE OF DISTANCE EDUCATION
DIPLOMA IN LAW
FINAL EXAMINATION PAPER NOVEMBER 2021

TITLE OF PAPER : INTRODUCTION TO TAX LAW II
COURSE CODE : IDE LAW 220
TIME ALLOWED : THREE (3) HOURS

INSTRUCTIONS :

- 1. Answer any 5 questions. There are 8 questions in this examination.**
2. Each question has 20 marks. Please pay attention to the marks allocated for each question so that you can understand how much time you should spend on each question.
3. Ensure to underline your cases, references and vernacular terms.
4. Total marks = 100.

**THIS PAPER IS NOT TO BE OPENED UNTIL PERMISSION HAS BEEN GIVEN
BY THE INVIGILATOR**

Question 1

Define and describe the following

- (a) The developmental component of the Southern African Customs Union (SACU) member sharing structure. [5 marks]
- (b) Tax expenditure. [10 marks]
- (c) Tax rebate [5 marks]

Question 2

In respect to the input tax credit as provided for in Section 28 of the VAT Act, 2011, an input tax credit is allowable in respect to ‘...the equivalent of the tax fraction or the lessor of the fair market value, including tax, of second hand goods acquired in Swaziland during the tax period by a registered taxpayer...’. Discuss whether or not a person who is registered for VAT benefits from the fair market value being high or the fair market value being lower than the actual value for the items were purchased.

[20 marks]

Question 3

The Special Economic Zones Act, 2018 makes provisions for the declaration of Special Economic Zones in Eswatini. Describe what the provisions of the Act are in relation to providing for tax incentive and give your criticism of the provisions, in relation to your understanding of the reasons for paying tax in Eswatini.

[20 marks]

Question 4

- (a) Define, compare and contrast juridical double taxation and economic double taxation. [10 marks]
- (b) What are the functions of Double Tax agreements? [10 marks]

Question 5

In respect to the following Benefits an employee may receive from an employer, describe the tax treatment for each one:

- Medical aid contributions
- Contribution to a pension fund
- Provision of car allowance

[20 marks]

Question 6

- (a) Discuss Source and Residence and how they are relevant for juridical double taxation. [10 Marks]
- (b) Using examples, define the difference between juridical double taxation and economic double taxation. [10 marks]

Question 7

- (a) In tax terminology, how is evasion different from avoidance? [5 marks]
- (b) Define smuggling in terms of the Customs and Excise Act. [5 marks]
- (c) In terms of the VAT Act, what is the tax effect of dealing in supplies which are exempt supplies? Compare and contrast it to the tax effect of dealing in zero rated supplies. [10 marks]

Question 8

Define and discuss the following concepts as used in International taxation and Tax Treaties and Conventions:

- (a) Permanent Establishment
- (b) Residence
- (c) Non-discrimination

[20 marks]