

CTA PART 1 2017 TAXATION MID-YEAR PAPER 1: REQUIRED

REQUIRED		Marks
Question 1		
a)	With reference to the information in Note 1.1 discuss the income tax implications to Zimdis of the prepayment of \$245 560 and the expenditure incurred in respect of the contract for the 2015 and 2016 year of assessment.	10
b)	Discuss the Value-Added Tax implication to Zimdis of the prepayment and the instalment sale agreement as detailed in Note 1.1 and 1.2. Mark allocation shall be as follows: Note 1.1. 7marks Note 1.2. 7marks NB: In your discussion where applicable address the following: i. Whether or not Zimdis is required to account for VAT on the transactions; ii. The time of supply iii. The value of supply	14
c)	Calculate the minimum taxable income and income tax payable by Zimdis for 2016 year of assessment. You should start your computation with the net profit before tax of \$2 402 306. <i>For all items that require no adjustment in your computation indicate using a zero and you may assume that Zimdis has always claimed the maximum possible capital allowances were applicable.</i>	33
d)	Discuss with supporting calculations the VAT implications of the insurance proceeds received by Zimdis as detailed in note 3.1	9
	Sub-total	66
Question 2		
e)	Discuss whether Mineentra School of Engineering will be required to withhold employees' tax on the amounts payable to Peter for the 2016 year of assessment.	8
f)	Discuss the income tax implications to Peter of the relocations expenses of \$1 500 paid by MSE.	7
g)	Calculate the taxable income and income tax payable by Peter on income arising from the information provided. <i>For items which are neither taxable nor deductible indicate using a zero in your computation.</i>	19
Total		100