

CAA CTA MIDYEAR TAXATION PAPER 1 REQUIRED – FULLTIME AND PART TIME LEVEL 2

REQUIRED		MARKS
Part A		
a)	With reference to the information provided in Part A Notes 1 to 3 discuss whether or not Aloice’s conclusions in respect of the transactions is correct. Base your discussion on the requirements of the Income Tax Act. i. Note 1 ii. Note 2 iii. Note 3	4 5 6
b)	Assuming that the Harare City council is a VAT registered operator, discuss the VAT consequences to the council arising from the information detailed in note 8.	8
c)	Calculate the income tax payable by Aloice for the 2016 year of assessment in respect of his employment income. <i>For items which are neither taxable nor deductible indicate using a zero in your computation.</i> <i>Provide a brief explanation for treatment of all items.</i>	16
d)	Assuming that Aloice was retrenched instead of resigning, discuss the income tax treatment of the lumpsum receipt of \$50,000 from the Harare Municipality Pension fund.	4
Part B		
e)	Discuss the VAT and Income tax implications of the sale of \$10,000 made by Aloice to his twin sister.	13
f)	With reference to note 3, discuss whether you agree with Aloice’s position that the disposal of the vehicle will not give rise to Income Tax consequences.	4
g)	Calculate the income tax payable for the 2016 year of assessment from Aloice’s retail operations.	27
h)	Based on the information in note 5 discuss the whether Aloice will be required to register as an employer for tax purposes.	5
Part C		
i)	Calculate the Capital Gains tax payable by Aloice on the disposal of the Budiro house.	8
Total		100