

**MULTIPLE CHOICE QUESTIONS**

**ADVANCED ZIMBABWE TAXATION 2017**

**POSTGRADUATE DIPLOMA IN ADVANCED ACCOUNTING SCIENCES**

**CTA Level 2 [CAZ 2]**

**TEST 4: 01 AUGUST 2017**

Please note that all questions relate to the 2016 year of assessment

**1. Mining**

- 1.1. How much will Union be allowed as prospecting costs?
- a. 135,880
  - b. 23,400
  - c. 31,300
  - d. nil
- 1.2. How much royalties will Union be allowed to deduct from gross income?
- a. 36,560.00
  - b. 9,162.50
  - c. Nil
  - d. 1,832.50
- 1.3. Calculate the recoupment on the disposed assets
- a. 164,500
  - b. 177,900
  - c. 25,775
  - d. Nil
- 1.4. Calculate the Capital Redemption Allowance.
- a. 355,100
  - b. 1,737,200
  - c. 372,050
  - d. Nil
- 1.5. Compute the amount of finance costs that will be disallowed
- a. 15,000
  - b. 23,333
  - c. 10,000
  - d. Nil

- 1.6. Calculate the Assessed losses carried forward at the end of the 2016 year of assessment.
- a. 10,051
  - b. 7,751
  - c. Nil
- 1.7. Compute the disallowed portion of management and administration fees
- a. 359,172
  - b. 4,628
  - c. 1,902,879
  - d. Nil
- 1.8. How much will be allowable as a deduction for the repairs of the Mazda Everest?
- a. 4,500
  - b. 3,700
  - c. 800
  - d. Nil
- 1.9. Which of the following is a repair and is allowed as a deduction for Union?
- a. Replacement of shattered glass for a vacant investment property in order to attract potential tenants.
  - b. Replacement of a leaking asbestos roof of an office building with the more expensive Harvey Tiles roof.
  - c. Replacement of normal glass with shatterproof glass on office buildings
  - d. Repair of a leaking roof for Jairos Jiri Association hostel
- 1.10. Which of the following amounts should not be included in the gross income of Union?
- a. Refundable deposits received from customers.
  - b. Disposal of foreign shares held for speculative reasons.
  - c. Disposal of the fourth (4<sup>th</sup>) Investment property acquired and disposed of within a 2-month period.
  - d. Income received in advance.

**2. Farming**

- 2.1. Calculate Jeremiah's 4<sup>th</sup> schedule capital allowances for the year
- a. 45,450
  - b. 40,812
  - c. 45,450
  - d. Nil
- 2.2. Calculate Jeremiah's 7th schedule allowable deductions for the year
- a. 169,400
  - b. 115,300
  - c. 199,600
  - d. Nil
- 2.3. If the constructed staff housing unit costs were 36,000 each, calculate the capital allowances for each unit in the first year
- a. 9,000
  - b. 1,800
  - c. 6,250
  - d. nil
- 2.4. Compute Jeremiah's restocking allowances for the 2016 year of assessment.
- a. 7,445
  - b. 14,891
  - c. 5,791
  - d. nil
- 2.5. Compute Jeremiah's drought relief for the 2016 year of assessment if any
- a. 3,674
  - b. 4,424
  - c. 4,987
  - d. Nil

- 2.6. Which of the following statements is false?
- Valuation of closing inventory of ordinary livestock can be at Fixed Standard Value (FSV) or the Cost and Maintenance Value (CMV).
  - Valuation of closing inventory of stud livestock can be at FSV, or Purchase Price Value at the discretion of the Commissioner General of the Zimbabwean tax authority.
  - Valuation of inventory of both ordinary livestock and stud livestock on hand on date of death, insolvency or donation is the same as with closing inventory.
- 2.7. Inventory consumed by a taxpayer or put to other use
- Is valued at FSV or CMV at the discretion of the taxpayer for ordinary livestock.
  - Is valued at PPV or FSV at the discretion of the taxpayer for stud livestock.
  - Is valued at a fair and reasonable value for both stud and ordinary livestock.
- 2.8. Calculate Jeremiah's motoring benefit
- 7,200
  - 4,320
  - Nil
- 2.9. Calculate the allowable deduction for Jeremiah's pension contributions
- Exempt
  - 4,800
  - 4,900
- 2.10. How much can Jeremiah claim as a tax credit?
- Nil – (Child no longer a minor)
  - 400
  - 800