

**THE INSTITUTE OF CHARTERED
ACCOUNTANTS (GHANA)**



**MAY 2010 EXAMINATIONS
(PROFESSIONAL)**

PART 4

**ADVANCED TAXATION & FISCAL POLICY
(Paper 4.4)**

Attempt ALL Questions

TIME ALLOWED:

Reading & Planning	-	15 Minutes
Working	-	3 Hours

QUESTION 1

- a) Ghana has double taxation arrangements with a number of countries and is currently negotiating with other countries for more treaties.

Required:

Briefly state the essence of these arrangements or treaties.

(8 marks)

- b) Joe Mankata has been the director of Programmes of Teach Yourself Institute for the past five years. He is on a consolidated salary of GH¢30,000 per annum. He contributes 5% of his salary to the Social Security Scheme.

Joe has investments in South Africa from where he receives periodic interest payments. In the year ended 31st December, 2009, he became entitled to an amount of GH¢800 less tax of GH¢100 which was remitted to him in Ghana.

Tax Rate

First GH¢240	-	Free
Next GH¢240	-	5%
Next GH¢1,200	-	10%
Next GH¢7,920	-	17.5%
Exceeding GH¢9,600	-	25%

Required:

Determine his net tax payable in Ghana.

(12 marks)

(Total: 20 marks)

QUESTION 2

Progress Limited holds a dealership in High Brand Motor Vehicles from which it receives business income. The company receives other incomes including rental income from the construction and sale of residential premises. The company commenced real estate business about two (2) years ago in addition to its main business.

Required:

In accordance with the Internal revenue Act, 2000 (Act 592), explain how the rent income received by Progress Limited would be treated for tax purposes.

20 marks

