

QUESTION 1

- (a) Mr. Jonas Abudu, an aspiring Member of Parliament for the Adjenkotoku Constituency sold one of his buildings for GHC75,000 to boost his campaign in March, 2012. He deposited GHC50,000 in a fixed deposit and GHC25,000 in his current account all at the ABC Bank in Accra.

The cost of construction of the building in 2008 was GHC38,000. Apart from a fence wall and iron gate constructed in 2009 at a cost of GHC8,000 no other development has been made on the property.

So much engrossed in his campaign activities, he requires you to deal with the Ghana Revenue Authority on his behalf so that he can get his Tax Clearance Certificate.

Required:

Outline your approach to address this request.

(10 marks)

- (b) Briefly outline the circumstances under which the Commissioner-General may raise an assessment on a taxable person and deal with any returns in respect of Value Added Tax.

(8 marks)

(Total: 18 marks)

QUESTION 2

The oil and gas discovery in Ghana and its subsequent exploration, development and production has raised the hopes of the people of Ghana on the basis that revenue to the Government is going to increase. Analysts, on the other hand have raised concerns as regards the management of the expected revenues from the oil and gas sector.

You have been asked to present a paper at a Seminar on Oil and Gas discussing the expected revenue inflows to the government from the oil and gas sector.

Required:

Identify and explain the expected revenue inflows from the oil and gas sector in Ghana.

20 marks

QUESTION 3

Abinjagoro Ltd imports parts for assembling into sewing machines at Makola. On 1st January 2011, 10,000 units of components valued at \$45,000 arrived at the Tema Harbour.

His principal in China incurred an additional cost of \$200 in shipping it to the Port. The Shipping Company on arrival in Ghana on 1st January, 2011 with the components, charged \$0.15 per unit of component for their services.

The company incurred GHC1,800 as transport cost to their warehouse at Okaishie. An amount of GHC1,200 was paid in respect of marine insurance in Ghana. The customs entry was signed and accepted by the Customs official on 18th January, 2011.

The exchange rate to the \$ provided by the Treasury department of Bank of Ghana were as follows:

Date	GHC
1/01/2011	1.575.00
18/01/2011	1.525.00
31/12/2011	1.582.00

The Customs tariffs in respect of sewing machines are as follows:

Rate of Duty	20%
Special Tax	5%
VAT	12.5%
NHIL	2.5%

The company recorded overhead cost amounting to GHC2,750 in connection with the assembling of the components into machines. It is the policy of Management not to sell below its targeted profit margin of 20%. 45% of the overhead represents salaries and wages and the rest were normal costs in relation to taxable supplies. The analysis of the turnover of Abinjagoro Ltd is as detailed below:

Geographical Location:	GHC
Ghana	90,000
Togo	45,000
Egypt Embassy (VRPO provided)	10,000

You are required to:

1. State the appropriate method of tariff to be used in computing the duty payable *(1 mark)*
2. Calculate the duty payable by the company *(10 marks)*
3. Determine the net tax payable to the Ghana Revenue Authority *(9 marks)*

(Total: 20 marks)

QUESTION 4

Administrative Directives play an important role in the practice of taxation.

Required:

Identify and explain any **four (4)** Administrative Directives stating their impact on the practice of taxation.

18 marks

QUESTION 5

Kawado Company Limited, manufacturers of cotton wool for export only, commenced business on 1st February, 2009 and submitted its first set of accounts for the period ended 30th September, 2010.

Below are the details:-

	GHC	GHC
Gross profit b/f		450,000
<u>Add</u> Dividend Received	3,100	
Profit on sale of fixed assets	<u>48,500</u>	<u>51,600</u>
		501,600
<u>Less Expenses</u>		
Salaries and Wages	146,000	
Directors' Remuneration	52,000	
Electricity and Water	31,500	
Printing and Stationery	8,200	
Adverts & Publicity	23,700	
Telephone and Postage	800	
Repairs & Maintenance (Plant & Equipment)	60,000	
Repairs & Maintenance (Office & Equipment)	6,500	
Insurance	13,800	
Registration and Licence	16,200	
Depreciation	108,000	
Business Promotion and Entertainment	16,000	
Legal Fees	8,000	
Penalties and Fines	<u>4,200</u>	<u>494,900</u>
Net Profit		<u><u>6,700</u></u>

Notes to the accounts:

1.	<u>Adverts and Publicity (23,700)</u>	GHC
	Radio and Television	7,200
	Daily Graphic	2,300
	Permanent signboard at entrance of factory	<u>14,200</u>
		<u>23,700</u>
2.	<u>Repairs & Maintenance (Plant & Equipment (60,000))</u>	
	Installation of machine	21,500
	General Maintenance	18,000
	New standing generator	<u>20,500</u>
		<u>60,000</u>
3.	<u>Business Promotion & Entertainment (16,000)</u>	
	Entertainment (Opening of factory)	13,500
	Sample products to invited guests	<u>2,500</u>
		<u>16,000</u>
4.	<u>Legal Fees (8,000)</u>	GHC
	Formation of company	6,400
	Litigation on plot of land	<u>1,600</u>
		<u>8,000</u>

The company's business assets are made up as follows:

	<u>Types of Asset</u>	<u>Date of Acquisition</u>	Cost (GHC)
i.	Factory Building	January, 2009	230,000
ii.	Plant & Machinery	March, 2009	171,000
iii.	Generators	June, 2010	20,500
iv.	Office Building	May, 2009	106,000
v.	Delivery Van	September, 2009	40,000
vi.	Toyota Pick-up	April, 2010	36,000

Required:

Compute the company's chargeable income for all relevant years.

24 marks