

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



**MAY 2010 EXAMINATIONS  
(PROFESSIONAL)**

**PART 2**

**PRINCIPLES AND PRACTICE OF TAXATION  
(Paper 2.4)**

**Attempt ALL Questions**

**TIME ALLOWED:**

<b>Reading &amp; Planning</b>	<b>-</b>	<b>15 Minutes</b>
<b>Working</b>	<b>-</b>	<b>3 Hours</b>

## QUESTION 1

The Commissioner of International Review Service (IRS) may authorize any person to assist in the performance of his duties.

### *Required:*

- a) What duties of the Commissioner cannot be delegated? (6 marks)
- b) What duties of the Commissioner may be delegated? (6 marks)
- c) Write brief notes on the canons of taxation. (8 marks)

**(Total: 20 marks)**

## QUESTION 2

Value Added Tax (VAT) is payable by a person when **taxable supplies** are made in or imported into Ghana in the course of or in furtherance of the business activity, provided the goods and services concerned are not exempt from VAT.

### *Required:*

- a) In the context of the Value Added Tax Act, 1998 Act 546; what constitutes a taxable supply? (15 marks)
- b) A VAT registered trader is required to submit monthly VAT returns.  
What are the contents of the returns? (5 marks)

**(Total: 20 marks)**

## QUESTION 3

Dr. Prince Sowah has been a consultant physician and surgeon with the Good Health Clinic since 1<sup>st</sup> July, 2003. He is on a salary scale of GH¢54,000 x 2,400 – 72,000 per annum.

His other entitlements are:

- i. Responsibility Allowance GH¢500 per month
- ii. Professional Allowance GH¢500 per month
- iii. Risk Allowance GH¢500 per month

Dr. Sowah is also provided with a furnished accommodation and a vehicle with fuel. He contributes to the Social Security Scheme.

His personal income tax return form for the year 2006 disclosed the following:

- i. Part-time lectures, University of Ghana, Legon (GH¢24,000 net)
- ii. Part-time private practice (GH¢36,000)
- iii. Married with four children. (All attending recognised educational institutions)
- iv. Life Assurance Policy with E.I.C. (Capital sum assured – GH¢60,000. Annual premium GH¢8,000).
- v. Subscriptions to professional journals (GH¢600).

**Required:**

Determine his Tax Liability for the year 2006. Show all workings and make any comments necessary.

Tax Rates:

	240	- free
	240	at 5%
	1,200	at 10%
	7,920	at 17.5%
Exceeding	9,600	at 25%

**20 marks**

**QUESTION 4**

- a) Briefly describe the content of a Gift Tax Return. **(5 marks)**
- b) Mr. Ayama Antwi, a renowned public servant, retired from active service in November 2004. In December 2009 he celebrated his 65<sup>th</sup> birthday.

The undermentioned items/donations were received and documented by the recorder at the gift table.

- i. Saloon car valued at GH¢8,000 by the senior Staff Association of his former employers.
- ii. Nissan Pickup valued at GH¢12,000 by the Finance Department of his last employment.
- iii. Cash of GH¢5,000 by the service.

Mr. Zacky the father of Mr. Antwi gave him a parcel of land valued GH¢15,000 and a cash of GH¢10,000 in appreciation of the honour done to the family.

