

## QUESTION 1

Finestyle Furniture Ltd commenced business on 1<sup>st</sup> October 2009 even though the company was registered on 1<sup>st</sup> April 2009.

The company purchased two lathe turner machines on 1/7/09 at a cost of GHC10,000 each and a spraying machine on 15/10/09 at a cost of GHC20,000.

In October 2009 the company put up structures for the workshop. The cost was GHC5,000.

The company declared the following results:

Period	01/10/09 - 31/12/10 =	GHC45,000
Year	01/01/11 - 31/12/11 =	GHC60,000
Year	01/01/12 - 31/12/12 =	GHC65,000

### **Required:**

Compute the tax liabilities of the company for all relevant years.

**20 marks**

## QUESTION 2

Kofi Kuma retired from the Ghana Police Service in 2010 at the compulsory age of 60 years.

In January 2011 he was employed as Chief Security Officer at Kabidi Rural Bank on a salary of GHC18,000 a year. The Bank has a Provident Fund to which all employees contributed 5% of their basic salary.

He received the following allowances:

(a) Risk allowances	=	10% of basic
(b) Night Duty allowance	=	5% of basic
(c) Transport allowance	=	5% of basic
(d) Canteen allowance	=	2.5% of basic

He has two Life Assurance Policies which will mature in 2017. The first is with CSI Insurance Company Ltd. The sum assured is GHC25,000 and the annual premium is GHC1,200. The second is with Didwell Assurance Company Limited. The sum assured is GHC20,000 and the annual premium is GHC2,200.

He invested part of his gratuity in Treasury Bills and received interest of GHC6,000 in December 2011. His other source of income was dividends from Savewell Chartered Bank Ltd.

The net amount received in December 2011 was GHC480. His yearly pension is GHC1,200.

He stays in his own house with his 85 year old mother whom he looks after. He has six children, three of whom are still in Senior Secondary Schools in Ghana.

**Required:**

Determine his chargeable income for the 2011 Assessment Year and provide brief comments on your solution.

**20 marks**

**QUESTION 3**

- (a) Slicam Gh. Ltd imports clinker from Norway for the manufacture of cement at its plant at Takoradi. In July 2011 Slicam Gh. Ltd imported 20 tonnes of clinker at \$1,000 per ton. The exchange rate at that time was \$1 = GH¢1.50. Insurance and freight were paid locally and these were GHC1,500 and GHC20,000 respectively.

**Required:**

Calculate the applicable duties and levies paid by Slicam GH. Ltd as follows:

- |     |              |   |                     |
|-----|--------------|---|---------------------|
| (a) | Customs Levy | = | 20% ad valorem      |
| (b) | ECOWAS levy  | = | 1% ad valorem       |
| (c) | EDIF         | = | 1% ad valorem       |
| (d) | VAT          | = | 12½% duty inclusive |
| (e) | NHIS         | = | 2½% duty inclusive  |

**(15 marks)**

- (b) Go Ahead Europe Airlines has a warehouse in Accra for storage of stores on its African routes. For the first half of 2012, total stores shipped on its aircrafts from Accra amounted to GHC25,000.

**Required:**

Calculate the VAT payable by the airline.

**(5 marks)**

**(Total: 20 marks)**

#### QUESTION 4

Mr. Ackah Yensu has been resident in London for the past ten years. His father, a wealthy timber merchant died in the year 2000, and bequeathed to him a two-storey building at Takoradi.

The value of the building was GHC80,000. He came down to Ghana, renovated and made extensions to the building. In all, he spent GHC100,000.

In July 2008 he rented the building to Biojack Oil Ltd for an amount of GHC50,000 a month. He charged two years rent advance which was paid into his bank account in London.

In July 2010, Biojack Oil Ltd negotiated and purchased the building for GHC50,000,000.

Valuation and legal fees incurred by Mr. Ackah Yensu amounted to GHC2,000. The balance was also transferred into his bank account in London.

He is a legal practitioner in London, married with three children all of whom are residents in London.

His earnings from his law practice in London are as follows:

		£
2008	=	5,000
2009	=	6,000
2010	=	10,000

***Required:***

Compute the taxes payable by him for all relevant years. Give comments where necessary. Assume an exchange rate of £1 = GHC2.00 in all cases.

**20 marks**

#### QUESTION 5

- (a) Opanin Kojo Nyame has been a prosperous farmer for many years. His wife with whom he had five children died in 2005.

The children did not take good care of him after the wife's death so he decided to teach them a lesson.

Before he died in 2010 he gave his building situated in Kumasi to his maid servant called Amina Yakubu. The building was valued at GHC400,000. He gave his private Mercedes Benz car valued at GHC10,000 to his driver; Koo Bomfreh. He also gave his eldest grandson cash gift of GHC20,000.

Just before he died he prepared a Will and gave his second property to his Church; Pentecostal Church of Jerusalem. The church was to take over after his death. The building was valued at GHC200,000.

***Required:***

Compute any taxes payable and identify the person(s) liable.

***(10 marks)***

(b) (i) What is a tax haven? Name **two (2)** countries considered to be tax havens.

***(4 marks)***

(ii) How do tax havens assist companies worldwide to evade tax?

***(3 marks)***

(iii) What measures do tax authorities apply to counteract this problem?

***(3 marks)***

***(Total: 20 marks)***