Great Zimbabwe University

ROBERT MUGABE SCHOOL OF HERITAGE AND EDUCATION

DEPARTMENT OF SCIENCE AND TECHNICAL EDUCATION

BACHELOR OF EDUCATION PRIMARY IN-SERVICE HONOURS DEGREE

LEVEL 2 SEMESTER 2

EXAMINATION QUESTION PAPER

MODULE CODE	**CACS 213**
MODULE NARRATION	**TAX LAW AND PRACTICE**
DATE	**2024**
DURATION	**3 HOURS**

INSTRUCTIONS TO CANDIDATES:

1. Answer all questions
2. All questions carry equal marks
3. Candidates are allowed to use silent, non-programmable calculators
4. Candidates are allowed reading time 15 minutes

QUESTION 1

1(a) Explain how tax is administered in Zimbabwe. (5)

(b) Identify and describe five Tax Heads administered by ZIMRA in Zimbabwe. (20)

QUESTION 2

Mr J Chando is a Managing Director of a local firm based in Gweru. He has presented you with the following information so that you help him determine his taxable income.

I. Annual salary $1 200 000,

II. Performance bonus $120 000

III. Dividends received $50 000

IV. Interest from POSB $40 000

V. Contribution to pension fund (NSSA) $10 000

VI. Medical Aid contribution by employer $20 000

VII. Contribution to a local church fund $15 000

(a) Determine his taxable Income. (25)

QUESTION 3

Explain the following terms used under Value Added Tax (VAT) provide two examples for each)

a) (i)Taxable supply (3)

(ii) Exempt supplies (3)

(iii)Zero-rated supplies (3)

(iv) Relief supplies (3)

(b) State the general rule on registration for VAT. (3)

(c) Jenga Engineers and Associates is a firm of engineers and designers. In the year of income 2015 they earned professional fee of $7 500 000 before VAT. Their accounts show the following expense:

Medical Services	$180 000
Accounting Audit	$225 000
Legal Services	$300 000
Design Material	$1 600 000
Salaries and Wages	$2 410 000
Depreciation	$985 000

Note: VAT rate 15%

Required:

Calculate

(i) Value Added Tax for the year of income 2015. (8)

(ii) Comment on payment of VAT computed above. (2)

QUESTION 4

On May 6 1996 Kumbare aged 34 sold her house to an American family for $3 000 000 which she received in United State Dollars. She had inherited the house from her late uncle in April 1996 in whose estate it was valued at $800 000. As a hedge against constant depreciation of the Zimbabwe dollar, Kumbare kept the foreign currency until August 2002, when she realized it for $15 000 000.

NB (i) Annual inflationary allowance on cost from date of purchase to date of sale was 30%.

(ii)Capital gain tax rate was 20%.

Required

Calculate the capital gain tax payable by Kumbare. (25)

END OF EXAM