



GREAT ZIMBABWE UNIVERSITY  
RECEIVED  
11/11/2024  
EXAMINATIONS DEPARTMENT

**HERBERT CHITEPO LAW SCHOOL**  
**BACHELOR OF LAWS HONOURS DEGREE**  
**SEMESTER 1**

**EXAMINATION QUESTION PAPER**

**MODULE CODE**                    **LLB 620**  
**MODULE NARRATION**        **INCOME TAX AND ESTATE PLANNING**  
**DATE**                                **2024**  
**DURATION**                        **3 HOURS**

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**INSTRUCTIONS TO CANDIDATES:**

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1. Answer ALL questions from Section A and TWO questions from Section B.
2. You are advised to read all questions carefully before attempting to answer any
3. Students may bring into the examination copies of the Income Tax Act [Chapter 23:06, the Capital Gains Tax Act [Chapter 23:01] and the Value Added Tax Act [Chapter 23:12] and Estate Duty Act [Chapter 23:03]
4. You are advised to cite relevant authorities to support your answers
5. This paper is three (3) pages long, including the cover page.

## **SECTION A**

### **THIS SECTION IS COMPULSORY**

#### **QUESTION ONE**

Using case law explain the difference between the concept of actual source and deemed source.

[15 marks]

#### **QUESTION TWO**

Using case law discuss the concept of amount received by the tax payer.

[15 marks]

Total Marks for Section A: 30

## **SECTION B**

### **CANDIDATES MUST ANSWER TWO QUESTIONS FROM THIS SECTION**

#### **QUESTION THREE**

Bill is a 25 year old recently qualified accountant who still lives with his parents in Masvingo. He is employed by Global Chartered Accountants as an auditor. It is the Company's policy that its audit staff can undertake private accounting working to earn extra income. Bill, with the consent of his parents, converts one of the vacant rooms at their place of residence into an office. Bill goes on and buys office equipment, a computer, fax machine, printer and copier from ABC Auctions. Since Bill is operating from their family home, he does not open separate accounts for telephone and electricity consumed when operating from his makeshift office. The electricity and telephone accounts are all invoiced in his parents' name. Before Bill's new business venture, the electricity bill was USD 10.00 and the telephone bill was USD 20.00. However, when he commenced his operations the bills went up by 50%. Bill does not operate a separate business banking account and uses his personal banking account for all purposes. For the months of January 2021 to February 2022 Tom issues a cheque to TelOne and the Zimbabwe Electricity Transmission and Distribution Company [ZETDC], for the entire amount invoiced by them to Bill's parents for the telephone charges and the electricity charges respectively.

Advise Bill on the following:-

a) Whether he can claim costs of the office equipment he bought as tax deductible on the grounds that it is expenditure of a non- capital nature. [10 marks]

b) The question of the tax deductibility of telephone and electricity payments. If you are of the view that any or both of the payments is/are deductible, will the amounts be deductible from the 2021 year of assessment or the 2022 year of assessment? [10 marks]

#### **QUESTION FOUR**

a) Explain the tax implications of the disposal of specific assets which form part of a deceased estate if they are sold

i) By the executor as part of the liquidation for the purposes of distribution [5 marks]

ii) By the heir to any other party [5 marks]

b) With reference to case law; explain the estate duty treatment of non-Zimbabwean properties or assets [10 marks]

#### **QUESTION FIVE**

Discuss the concept of abnormality with reference to Section 98 of the Income Tax Act. [20 marks]

**TOTAL MARKS: 70**  
**END OF QUESTION PAPER**