https://puredu.net/PurePastQuestions.php

NATIONAL OPEN UNIVERSITY OF NIGERIA
Plot 91, Cadastral Zone, Nnamdi Azikiwe Express Way, Jabi-Abuja
Faculty of Management Sciences, Department of Financial Studies
2023_1 POP EXAMINATION

COURSE CODE: ACC 318 **CREDIT UNIT: 3**

COURSE TITLE: TAXATION II

TIME ALLOWED: 2 1/2 HOURS
INSTRUCTIONS: 1. Attempt question Number one (1) and any other three (3).
2. Question number 1 is compulsory and carries 25 marks, while the other questions carry 15 marks each
3. Present all your points in coherent and orderly manner

Question 1(a)

Air Peace Nigeria Ltd is a Local company involved in air transport business. The Company has aircrafts that are used for both cargo and passenger flights between Nigeria and the United Kingdom.
The audited financial statements for year ended 31st December, 2020 revealed the following:

	₦	₦
Income from passengers:		
London to Abuja		8,851,200
Abuja to London		6,794,000
Income for cargo:		
Loaded into aircraft on other routes		4,520,000
Freight from Abuja to London		6,750,000
		26,915,200
Deduct: Operating expenses:		
Depreciation	920,000	
Staff salaries	1,450,000	
Use of airport facilities	174,000	
Accommodation for airline crew	57,000	
Hotel bills for passengers	240,000	
General provisions	70,000	2,911,000
		24,004,200

In addition to the above, capital allowances were agreed with the relevant authority as 140% of depreciation.
Required:
Compute the income tax liability for the relevant year of assessment. **(15 marks**)

https://puredu.net/PurePastQuestions.php

https://puredu.net/PurePastQuestions.php

Question 1(b)
What are the basic principles of taxation that guide tax administration as well as the implementation of the provisions of relevant tax laws? **(10marks)**

Question 2
Edegbo Company Limited commenced business on 1st July, 2016 as manufacturer of games wear. The following information regarding the results of the business is shown below.

	₦
Year ended 30th June, 2017	3,600,000
Year ended 30th June, 2018	4,200,000
Year ended 30th June, 2019	3,000,000

Required:
a). Determine the basis on which the company would be subjected to taxation for the first three tax years **(5 marks)**
b). Advice the tax payer on his right of election between normal and actual basis **(10 marks)**
(Total 15 Marks)

QUESTION 3
Explain in details the following concepts
a)Tax **(3 marks)**
b)Taxation **(4 marks)**
c) Mention the objectives of imposing Tax by the government (**8 marks)**

QUESTION 4

a) Personal Income Tax Act (PITA) provides that all outgoings and expenses wholly, exclusively, necessarily and reasonably incurred during that period and ultimately borne by the business of individuals in the production of their income are deductible in the process of determining the assessable income or profit to be used for tax purposes. What are these deductible/ allowable expenses in a partnership? (**7 marks)**
b) Personal Income Tax Act (PITA) also provides that some items shall not be allowed as deductions for the purpose of ascertaining the income of an individual/partnership. Mention these non-allowable expenses. **(8 marks)**

QUESTION 5

List and explain some conceptual issues under estate, trust and settlement businesses as a tax consultant. (**15 marks)**

https://puredu.net/PurePastQuestions.php