



Botswana Institute of Chartered Accountants

Principles of Taxation

Examination Paper

Date: 13 June 2019

Time: 09:00 am -11.30 am

Time allowed: 1 hour 30 minutes

Instructions to Candidates

This assessment consists of **TWO** scenario based questions worth up to 20 marks and **40** short questions each worth 2 marks.

At least **55** marks are required to pass this assessment.

Numeric entry fields

- Enter whole numbers only
- Numbers may be entered with or without a thousand separator (use commas only)
- Negative numbers can be entered with a preceding minus sign or enclosed in brackets
- You have **90** minutes to complete the assessment which includes any review period.

Note: Do not open this paper unless you are told to do so by the invigilator

Tax Tables FA 2018

Use the following tax tables to answer your questions, where necessary.

Rates of tax - 2018/2019 tax years

Resident companies	On taxable income
Standard rate	22%
Manufacturing company rate	15%

Resident individuals

P0 –	P36, 000	Nil
P36, 001 –	P72, 000	Nil + 5% of excess over 36 000
P72, 001 –	P108,000	P1,800 + 12.5% of excess over 72 000
P108,001 –	P144,000	P6,300 + 18.75% of excess over 108 000
Over	P144,000	P13,050 + 25% of excess over 144 000

Non-resident individuals, trusts and estates

P0 –	P72,000	5% of every pula
P72,001 –	P108,000	P3,600 + 12.5% of excess over 72 000
P108,001 –	P144,000	P8,100 + 18.75% of excess over 108 000
Over	P144,000	P14,850 + 25% of excess over 144 000

Capital gains – individuals

P0 –	P18,000	Nil
P18,001 –	P72,000	P0 + 5% of excess over P18 000
P72,001 –	P108,000	P2,700 + 12.5% of excess over P72 000
P108,001 –	P144,000	P7,200 + 18.75% of excess over P108 000
Over	P144,000	P13,950 + 25% of excess over P144 000

Capital gains – companies

Net aggregate gains are taxable at the company rates of tax.

Basis of valuation of benefits

Individuals' vehicle benefit

Vehicle cost	Employee benefit	Fuel cost adjustment
P1 - P50 000	P2 500	P1 000
P50 001 - P100 000	P5 000	P2 000
P100 001 - P150 000	P7 500	P3 000
P150 000 - P200 000	P10 000	P4 000

Benefit on the excess of P200 000 is 15% thereof with a maximum fuel cost adjustment of P5,000.

Individual's housing benefit:

If rated:

10% of the property's rateable value prorated by occupation and reduced by any contribution made by the employee.

If not rated:

Gross floor area x P250 per sq metre x 8%

The benefit is prorated by period of use and reduced by any contribution made by the employee.

Individual's furniture benefit

10% of furniture cost in excess of P15, 000 pro - rated by usage.

Capital allowances

The following rates are fixed by Commissioner General of BURS as fair and reasonable having regard to the expected useful economic lives of the assets listed.

Capital allowances

Furniture and fittings	10%
Office equipment and machinery	15%
Plant and machinery including farming	15%
Motor vehicles, boats and aircraft	25%
Heavy plant and machinery	25%
Computer hardware	25%
Office Equipment	15%
Off-the-shelf computer software	100%

Industrial and commercial buildings

Industrial building – initial allowance	25%
Industrial building – annual allowance	2.5%
Commercial building – annual allowance	2.5%

COST OF LIVING INDEX – JULY 1982 to OCTOBER 2018

YEAR	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec
1982	--	--	--	--	--	--	100.0	101.2	101.2	102.1	103.3	103.8
1983	104.1	104.8	105.5	106.6	108.3	108.4	109.0	110.2	110.2	110.7	111.7	112.3
1984	113.5	114.5	115.2	116.0	116.9	118.3	119.1	120.1	119.8	120.7	119.7	119.5
1985	119.9	120.7	122.0	124.1	126.6	128.6	130.1	129.8	131.1	131.5	131.8	132.0
1986	133.9	135.5	135.5	136.8	138.0	140.9	141.2	141.8	142.7	143.4	144.7	146.3
1987	147.4	148.5	148.9	151.9	153.6	154.1	154.9	156.6	156.7	157.1	157.5	158.1
1988	157.8	158.7	160.8	163.4	164.1	165.5	168.0	169.3	171.0	172.6	173.9	174.4
1989	176.9	178.0	180.1	182.7	184.1	186.2	187.3	188.7	190.2	191.1	191.5	194.2
1990	196.6	199.0	200.5	204.1	205.1	206.0	207.2	209.2	210.7	212.6	216.0	217.6
1991	220.5	221.4	223.5	225.8	227.3	229.0	232.0	234.2	237.2	239.5	242.5	244.9
1992	248.3	251.7	256.3	262.1	265.5	269.4	272.3	275.0	277.6	280.1	283.0	285.4
1993	291.0	293.1	295.8	301.1	303.1	306.0	311.6	313.5	315.0	317.6	320.1	321.5
1994	324.2	326.8	328.5	332.7	337.3	340.2	343.1	345.3	347.0	348.4	351.3	353.0
1995	357.9	361.0	364.9	368.6	370.5	374.9	377.8	381.6	384.3	386.0	387.9	391.3
1996	395.5	398.1	402.2	405.6	408.8	413.9	417.0	419.5	421.6	423.8	426.0	428.7
1997	431.6	435.5	439.7	443.6	448.7	451.2	454.1	454.9	457.5	459.7	460.9	461.9
1998	464.8	466.0	469.9	476.0	477.9	478.9	481.0	484.0	484.4	486.9	489.5	491.2
1999	495.1	499.7	504.3	507.5	509.2	513.3	514.3	517.7	521.1	523.5	524.0	525.2
2000	530.8	536.3	538.8	545.5	548.9	552.0	568.6	569.8	571.4	576	577.5	578.7
2001	581.4	582.1	587.2	598.9	596.9	598.6	601.3	603.0	605.4	608.5	610.2	611.0
2002	613.1	613.9	622.1	629.6	631.3	634.0	654.4	662.4	666.7	670.8	677.6	679.3
2003	683.2	689.0	692.2	701.4	705.8	715.0	714.5	698.0	707.0	715.9	717.9	718.9
2004	721.3	728.6	735.8	743.6	754.0	721.3	758.9	761.3	765.7	770.7	772.4	774.9
2005	779.2	781.7	783.8	789.4	801.5	813.2	821.2	834.8	842.3	857.1	859.7	863.1
2006	877.4	884.0	891.5	901.4	909.6	915.0	918.6	924.2	930.8	936.4	935.4	936.4
2007	942.9	948.5	949.5	957.7	968.1	974.5	988.5	991.2	994.1	1004.3	1007.2	1012.8
2008	1022.2	1034.4	1043.1	1064.7	1085.0	1115.1	1136.7	1140.6	1133.8	1135.5	1159.0	1151.2
2009	1152.7	1155.1	1165	1172.8	1176	1193.4	1204.8	1209.7	1213	1213.3	1217.2	1218.4
2010	1223.2	1225.4	1234.6	1256.2	1268.6	1285.3	1289.7	1290.6	1297.9	1300.6	1304.2	1309.1
2011	1320	1330.2	1338.9	1359.0	1373.6	1386.4	1380.6	1403.4	1409.0	1415.0	1424.0	1428.8
2012	1436.1	1440.0	1446.5	1460.4	1480.0	1487.3	1492.1	1496.7	1508.9	1515.4	1530.2	1534.8
2013	1544.3	1546.9	1555.4	1565.6	1570.2	1573.8	1576.7	1580.4	1584.3	1587.9	1593.5	1598.1
2014	1611.1	1618.6	1624.2	1637.2	1641.8	1646.5	1648.4	1653.0	1655.8	1662.4	1667.0	1663.3
2015	1670.7	1664.2	1669.8	1687.5	1690.3	1696.8	1698.7	1701.5	1704.2	1708.9	1709.8	1708.9
2016	1,715.42	1,714.49	1,721.00	1,735.90	1,737.76	1,741.48	1,744.27	1,747.07	1,751.72	1,755.22	1,758.73	1,760.48
2017	1,769.24	1,772.74	1,781.50	1,795.51	1,799.02	1,802.52	1,804.27	1,806.02	1,807.77	1,807.77	1,811.28	1,816.53
2018	1,823.54	1,828.79	1,832.30	1,856.82	1,858.57	1,858.57	1,860.33	1,860.33	1,860.33	1,872.59		

SECTION A

SCENARIO 1

Dineo and Topo have been partners for many years preparing accounts to 31 March annually. Dineo and Topo are business consultants. The partnership deed provided for the following terms:

	Annual salaries:	Profit sharing ratio:
Dineo	P120, 000	2/3
Topo	P90, 000	1/3

On 1 January 2019, Tshego was admitted to the partnership and the partnership deed changed as follows:

	Annual salaries:	Profit sharing ratio:
Dineo	P150, 000	4/7
Topo	P120, 000	2/7
Tshego	P90, 000	1/7

During the year ended 31 March 2019, the partnership's summary of the profit and loss account was as follows:

	P	P
Gross profit		1,816,000
Less:		
Salaries & wages for employees		(316,000)
Salaries for partners:		
Dineo	(127,500)	
Topo	(97,500)	
Tshego	(22,500)	
	-----	(247,500)
Operating and administrative expenses		(490,000)

Net profit		762,500

Additional information:

1. Repair expenses amounting to P34, 000 incurred on a truck acquired on 1 September 2018. The repair expenses were necessary in order for the truck to be functional and have been included in operating expenses. The truck had cost P120, 000.
2. Depreciation of P58, 000 in included in the operating expenses.
3. The partnership correctly calculated capital allowances for the period of P46,000. The calculation did not include the details in Note 1 above.

REQUIRED

Using the standard format below, compute the chargeable income for the partnership and the taxable income for the partners for the tax year 2018/19. You should enter a number in each relevant box. If an amount is not taxable enter a zero or a dash into the relevant box. (10 marks)

Computation of the partnership chargeable income fye 31 March 2019:

	P
Net profit per accounts	
Partners' salaries	
Repair expenses	
Cost of truck	
Depreciation	
Less capital allowances (W1)	
Chargeable income	

Partners taxable income fye 31 March 2019:

	Total	Dineo	Topo	Tshego
Period:	P	P	P	P
Salaries				
Share of Taxable income				
Total				
Period:				
Salaries				
Share of taxable income				
Total				
Total Taxable income				

Working 1:

Capital allowances (given)

Capital allowance on truck

P

SCENARIO 2

Macron Ltd is a resident company which operates a construction business. Macron Ltd prepares its accounts to 31 March annually. During the year ended 31 March 2019, it recorded a net profit of P4, 480,000. The operating expenses included the following items:

	Note	P
Speeding fines	1	28,000
Rent for business premises		240,000
Legal expenses	2	110,000
Trade bad debts recovered	3	270,000
Loan to supplier recovered	3	155,000
Employer's approved pension contributions	225,000	
Depreciation		392,000
Decrease in the general provision of trade debts		64,200
Profit on the disposal of machinery	4	77,800

Notes

- The speeding fines were incurred by employees while on company business.
- The legal expenses comprised the following:

Related to acquisition of plant		P60, 000
Related to collection of trade debts	P35, 000	
Related to collection of a loan to a supplier		P15, 000
- The trade debts and loan recovered were previously written off. The recovered amounts were included in the current year's profit or loss statement.
- The machinery that was disposed of had a carrying amount of P456, 000 and a tax written down of P422, 800.
- Capital allowances were correctly computed for the year as P486, 000. However, the calculation did not include the capital allowance of heavy plant acquired for P670, 000 and excluded legal expenses incurred on 1 October 2018 (refer to Note 2 above).

REQUIRED:

Using the standard format below, compute Trump Ltd's total taxable income for the year ended 31 March 2019. You should enter a number in the relevant box. If an amount is not taxable or no adjustment is required you must enter a zero or a dash into the relevant box.

(10 Marks)

Computation of taxable income for Macron Ltd fye 31 March 2019:

	P
Profit per accounts	
Speeding fines	
Rent for premises	
Legal expenses: acquisition of plant	
Collection of trade debts	
Collection of loan to supplier	
Trade debts recovered	
Loan to supplier recovered	
Employer's approved pension contribution	
Decrease in general provision	
Profit on disposal of machinery	
Balancing adjustment on disposal of machinery	
(
Capital allowances - given	
Capital allowances - on heavy new plant	
(
Total taxable income	

Working 1 - Balancing adjustment

	P

SECTION B

This section contains 40 short questions worth 2 marks each.

1. Select ONE option which correctly defines the principle on which the Pay As You Earn (PAYE) is based.

- A Progressive taxation
 - B Regressive taxation
 - C Proportional taxation
 - D Independent taxation
-

2. Which ONE of the following is not a duty of BURS in carrying out its mandate?

- A Confidentiality
 - B Recovery of tax due from any person direct from a bank account
 - C Collect and administer direct and indirect taxes
 - D Collect pension contributions and administer the government pension
-

3. Which ONE of the following is not a 'canon of taxation'?

- A Economy
 - B Accuracy
 - C Certainty
 - D Equity
-

4. Which ONE of the following is not a fundamental principle of IFAC Code of Ethics?

- A Integrity
- B Objectivity
- C Understandability
- D Professional competence and due care

5. Tshenolo was engaged as a tax consultant by her father in law. Tshenolo has been married for over 10 years.

Which ONE of the following correctly identifies the type of threat that Tshenolo faces.

- A Self-interest threat
 - B Familiarity threat
 - C Advocacy threat
 - D Intimidation threat
-

6. Tsheko, a sole trader, prepared accounts to the year ended 31 December 2018.

What is the latest date by which Tsheko should submit the tax return for his business for the year ended 31 December 2018?

- A 31 March 2019
 - B 30 April 2019
 - C 31 July 2019
 - D 30 September 2019
-

7. Businesses are required to retain documents pertaining to their businesses for Income Tax purposes.

Select the period that business documents should be retained.

- A 6 years
 - B 7 years
 - C 8 years
 - D 9 years
-

8. A taxpayer may apply to the Commissioner General to extend the due date for submitting the tax return.

Which ONE of the following option would not be allowed as a valid reason for the application for the extension.

- A Due to the sickness of the public officer,
 - B Travel out of the country,
 - C Break in to the office resulting in loss of documents
 - D Inability to employ an appropriate accountant to prepare accounts
-

9. Holongo failed to register for VAT when liable because of recklessness.

Select which ONE of the following penalties correctly identifies the penalty that he will be liable to.

- A A fine of up to P5, 000 or one year in jail or both
 - B A fine of up to P5, 000 or one year in jail
 - C A fine of up to P10, 000 or in jail not exceeding two years or both
 - D A fine of up to P10, 000 or in jail not exceeding two years
-

10. Which ONE of the following statements concerning Income Tax appeals procedures is true?

An appeal against the decision of the Commissioner General's assessment must be made in writing within 60 days after the date of service of the notice of his decision on the objection.

- A True
- B False

If a taxpayer is aggrieved by the decision of the Commissioner General, he must appeal against the decision to the Board of Adjudicators.

- C True
 - D False
-

- 11.** Dumela Ltd reported taxable profits of P1, 200,000 for the year ended 31 March 2019.

What is the due date for Dumela Ltd's first self-assessment instalment payment?

- A Not required
 - B 31 March 2019
 - C 30 June 2018
 - D 30 September 2018
-

- 12.** The directors of Siame Ltd submitted a tax return that fraudulently understated the taxable income.

When does such tax return be considered final for income tax purposes?

- A No time limit
 - B After 4 years from the tax year in which it was submitted
 - C After 8 years from the tax year in which it was submitted
 - D After 12 years from the tax year in which it was submitted
-

- 13.** Yeka Ltd had paid P200, 000 for each quarter under the self-assessment system on the due date for the year ended 31 March 2019. The actual tax liability was determined to be P1, 200,000.

How much is the interest arising on the underpayment of the first instalment only?

- A P43, 020
 - B P28, 030
 - C P14, 340
 - D P9, 340
-

14. Thabo works for Kante Ltd. During the tax year ended 30 June 2018, Thabo was provided with a company car for his private use. Thabo pays for all the fuel. The car had cost P304, 000.

The car benefit assessable on Thabo is P_____

Enter a whole number WITHOUT the P sign

15. Tebogo was provided with accommodation and furniture by her employer. The furniture had cost P50, 000. The employer paid rent of P10, 000 per month for the house and its annual rateable value P485, 000.

The housing assessable benefit on Tebogo is P_____

The furniture assessable benefit on Tebogo is P_____

Enter a whole number WITHOUT the P sign

16. Jane Chawada a non-resident works for Naledi Ltd. Her annual salary of P120, 000 is paid net of tax as the employer is responsible for her Pay As You Earn (PAYE) tax.

Chawada's gross salary is P_____

Enter a whole number WITHOUT the P sign

17. Tlou's accounts for the year ended 30 September 2018 showed legal and professional fees of P56, 000.

Select TWO expenses which are not tax deductible in the computation of taxable income.

- A Fees incurred for debt collection
 - B Fees incurred in successful tax appeal
 - C Trade subscription fees
 - D Legal fees incurred on acquisition of property
 - E Legal fees incurred in defending the quality of goods supplied
-

18. Some donations are deductible for tax purposes.

Select ONE donation which is not deductible for tax.

- A. Donation to the wild life conservation society
- B. Donation of approved sports club
- C. Donation to approved educational institution
- D. Donation to approved government healthy facility

19. Gosego has been a sole trader for many years. Her profit for the year ended 31 January 2019 was arrived at after charging for the following.

Select TWO expenses which are wholly tax deductible in calculating Gosego's taxable income.

- A. Cost of replacing tools
- B. Entertainment of suppliers
- C. Employer's contributions to approved superannuation fund
- D. Purchase of plant

20. Kago's bad debt written off in the year ended 30 June 2019 is as follows:

Increase in general provision	1,200
Decrease in specific provision	(400)
Recovery of bad debt previously written off	(1,800)
Bad debts written off	5,600

Bad debts written off	4,600

In computing the taxable income for Kago, what adjustment will be required in relation to the bad debt?

P _____ (add back/ subtract)

Enter a whole number WITHOUT the P sign

21. Selwana commenced to trade as a sole trader on 1 September 2018 preparing her first set of accounts for the nine months ended 31 May 2019.

On 1 November 2018 Selwana purchased a car for P190, 000 for her own use. Selwana has agreed with BURS that her car is used 60% for business purposes.

Calculate the maximum deductible capital allowances available for the car for the nine months ended 31 May 2019.

Capital allowances P

Enter a whole number WITHOUT the P sign

22. Masego has made two disposals in 2018/19 one resulting in a chargeable gain of P65, 000, and the other in an allowable capital loss of P35, 000. She has capital losses of P50, 000 brought forward at 1 July 2018. The capital losses were all incurred in the tax year 2017/18.

What are Masego's capital losses to carry forward at 30 June 2019?

Capital losses carried forward at 30 June 2019 P _____

Enter a whole number WITHOUT the P sign

23. On 1 December 2018 Jabu sold his office block for P2, 200,000. He had bought the office block in July 2009. The table below shows Jabu's expenditure on the cottage prior to its sale.

Select TWO costs which will be deducted in calculating Jabu's chargeable gain.

- A Legal fees on purchase P18, 000
 - B Purchase price P810, 000
 - C Redecoration costs P12, 100
 - D Replacement of roof tiles after a storm P8, 500
-

- 24.** Letsapsi Ltd is a Botswana resident trading company that made various disposals during the year ended 31 March 2019.

Select how the resulting gains or losses should be treated in the company's tax computation of Letsapsi Ltd for the year ended 31 March 2019.

Loss of P5, 900 on the sale of shares listed and traded on the Botswana Stock Exchange. The shares were acquired in July 2013.

- A Exempt
- B Allowable capital loss

Gain of P86, 000 on the sale of an investment property

- C Chargeable gain
 - D Exempt
-

- 25.** Dinawa Ltd computed the following amounts which have not yet been included in its final taxable income.

Select how each item below will affect the final taxable income.

Dinawa Ltd has correctly calculated a balancing allowance of P44, 000 arising on the disposal of an immoveable property.

- A Increase taxable income by P44, 000
- B Reduce taxable income by P44, 000
- C Do not adjust taxable income

Dinawa Ltd paid a dividend of P100, 000 to its shareholders during the tax year.

- D Increase taxable income by P100, 000
 - E Reduce taxable income by P100, 000
 - F Do not adjust taxable income
-

26. Joko Ltd deducted the following items in arriving at its draft taxable income for the year ended 30 June 2019.

State whether or not an adjustment to taxable income should be made for each of the following items in order to arrive at the final taxable income for Joko Ltd.

Acquisition costs relating to the purchase of immovable property.

- A Adjust
- B Do not adjust

Irrecoverable VAT relating to the employees' accommodation expense.

- C Adjust
- D Do not adjust

-
27. Bogobe Ltd has the following income and losses for the year ended 31 March 2019.

	P
Net loss from letting properties	(120,000)
Trading income	460,000
Net capital loss	(60,000)

What is Bogobe Ltd's total taxable income for the year ended 31 March 2019?

- A P460, 000
 - B P400, 000
 - C P340, 000
 - D P280, 000
-

28. Lebotse Ltd prepares accounts to 31 December each year.

The tax written down value of heavy plant at 1 January 2018 was P420, 000, original cost was P980, 000. On 1 April 2018, Lebotse Ltd purchased a new delivery van for P280, 000. There were no other additions or disposals.

Calculate the capital allowances for Lebotse Ltd for the year ended 31 December 2018.

Capital allowance P _____

Enter a whole number WITHOUT the P sign

29. Mogame is not yet registered for VAT but would be required to register when his sales equal at least P1, 000,000.

State whether the sales below will be included in determining whether Mogame's sales have equalled P1, 000,000 in the last 12 months.

Zero-rated supplies of P230, 000

- A Include
- B Do not include

Disposal proceeds of P150, 000 realised from sale of equipment

- C Include
 - D Do not include
-

- 30.** Diruiwa Ltd is a VAT registered company that only makes standard rated supplies.

Select the extent to which the input tax is recoverable on the following VAT-inclusive costs incurred by Diruiwa Ltd.

P150, 000 for the purchase of a new machine. The VAT invoice has been lost and cannot be replaced.

- A Fully recoverable
- B Partially recoverable
- C Not recoverable

Purchase of a fridge to store refreshments for the members of staff in the boardroom for P12, 000.

- D Fully recoverable
- E Partially recoverable
- F Not recoverable

-
- 31.** Chawada is registered for VAT. Chawada sold goods to George for P1000 without charging any VAT. Motsumi had assured him that the goods were exempt from VAT. Chawada later discovered that the standard rate of VAT should have been charged on this sale.

Select how much VAT is payable on this sale and by whom.

The amount of VAT payable is

- A P107.14
- B P120.00

The VAT is payable by

- C Chawada
 - D Motsumi
-

32. Bolt, a registered VAT trader, offers his customers a cash discount of 10% if payment is made within 30 days. Bolt only makes standard rated supplies.

Bolt sold goods to a customer for P15, 000, excluding VAT. The customer intends to pay within 30 days.

How much VAT should Bolt include in the invoice for the sale to the customer.

Output VAT P_____

Enter a whole number WITHOUT the P sign

33. Which ONE of the following input VAT is recoverable?

- A VAT paid on the subscription fees of a sports club for a director
 - B VAT paid on the purchase of a motor car for the sales manager
 - C VAT paid on the purchase of a delivery van
 - D VAT paid on accommodation for employees working out of town
-

34. Which ONE of the following statements is true about VAT?

- A A trader who makes taxable supplies may only register for VAT once the taxable supplies exceed P1, 000,000.
 - B VAT on standard rated supplies is not always charged at 12%.
 - C VAT is charged at 0% on zero-rated supplies
 - D A trader who only makes exempt supplies may register for VAT
-

- 35.** Nametso received an order for the supply of goods to a customer on 15 March 2019. She delivered the goods on 10 April 2019 and issued the invoice on 23 April 2019. Nametso was paid on 30 May 2019.

Nametso and the customer are not connected parties.

The tax point for the supply of goods by Nametso is:

- A 15 March 2019
 - B 10 April 2019
 - C 23 April 2019
 - D 30 May 2019
-

- 36.** Select TWO statements which are correct in relation to registering for VAT.

- A A trader can voluntarily register for VAT if he makes only exempt supplies
 - B A trader can voluntarily register for VAT if he makes only zero rated supplies
 - C A trader making both zero rated and standard rated supplies is required to register only if the level of taxable supplies exceeds the VAT registration limit
 - D A trader making exempt supplies must register for VAT if his supplies exceed the VAT registration limit
-

37. Modiri is registered for VAT and is preparing his VAT return for the two-month period ended 31 March 2019. During this period he made zero rated supplies of P23, 000 and standard rated supplies of P29, 560. These figures are VAT exclusive.

Calculate how much output VAT Modiri should account for on his VAT return for the two-months ended 31 March 2019.

Output VAT P_____

Enter a whole number WITHOUT the P sign

38. Which ONE of the following is not a badge of trade?

- A The subject matter of the sale
 - B Supplementary work done before the sale to make asset more saleable
 - C Frequency of transactions
 - D Value of the transaction
-

39. Segwapa Ltd, a VAT registered trader, reported the following details for the month of May 2019.

	P
Input tax incurred attributable to standard rated sales	12,000
Input tax incurred attributable to zero rated sales	5,600
Input tax incurred attributable to exempt sales	3,400

Calculate how much input VAT Segwapa Ltd should claim in its VAT return for May 2019.

Input VAT P_____

Enter a whole number WITHOUT the P sign

40. Bashe, a trader, wishes to register voluntarily for VAT.

Which ONE of the following options is not a valid point for the Commissioner General to deny voluntary registration?

- A Bashe has no fixed place of abode
 - B Commissioner General has reasons to believe that Bashe will not keep proper records
 - C Commissioner General has reasons to believe that Bashe's taxable supplies will not reach the registration threshold within 12 months
 - D Commissioner General has reasons to believe that Bashe will not submit regular and reliable returns
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