



Botswana Institute of Chartered Accountants

Principles of Taxation

Examination Paper

Date: 12 December 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 MARCH 2019:

YEA	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	1653.1	1655.9	1662.4	1667.0	1663.3
2015	1670.7	1664,2	1669,8	1687,5	1690,3	1696,8	1698,7	1701,5	1704,3	1708,9	1709,8	1708,9
2016	1715.4	1714.5	1721.0	1735.9	1737.8	1741.5	1744.3	1747.1	1751.7	1755.2	1758.7	1760.5
2017	1769.2	1772.7	1781.5	1795.5	1799.0	1802.5	1804.3	1806.0	1807.8	1807.8	1811.3	1816.5
2018	1823.5	1828.8	1832.3	1856.8	1858.8	1858.6	1860.3	1860.3	1860.3	1872.6	1879.6	1881.3
2019	1887.0	1890.8	1892.6									
2020												

SECTION A

SCENARIO 1

Kebonye, a Motswana, is an employee of Oodi Ltd. During the year 2018/19, Kebonye received the following amounts from his employer.

- Annual basic salary of P420,000. In December 2018, Kebonye was paid a 13th cheque bonus of P35,000. The 13th cheque bonus was paid gross or without the deduction of tax and the employer agreed to be responsible for the tax liability. PAYE of P82,050, excluding any tax payable on the 13th cheque bonus, was deducted by the employer.
- Oodi Ltd provides meals to staff in its staff canteen at no cost to the employee. The cost on meals provided to Kebonye during the tax year was P9,100.
- In December 2018, Kebonye was a paid P5,000 as travel concession to go to the village.
- Kebonye incurred the following expenses which were fully reimbursed:
 - Medical expenses P11,600
 - Garden boy salary P21,600
 - Electricity bills P9,600
- Contributions to approved pension fund:
 - Employer's contribution P42,000
 - Employee's contribution P42,000
- Kebonye was provided with a company car, Toyota Corolla, on 1 January 2018 for private (60%) and business (40%) use. The car had cost P220,000. Kebonye contributed P40,000 to the cost of the car. The company policy is that the car will be sold to him after 5 years of use. Kebonye pays for all the fuel for private use.
- On 1 October 2018, Kebonye was provided with a company house. The house had a rateable value of P290,000 at 1 July 2018. Kebonye pays monthly rent of P1,000 per month.

REQUIRED

Using the standard format below, compute the chargeable employment income for Kebonye and his tax payable or refundable 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 taxable income for Kebonye for tax year 2018/19

	P
Basic salary	
13th Cheque bonus	
Cost of meals	
Travel concession	
Reimbursed medical expenses	
Reimbursed garden boy's salary	
Reimbursed domestic worker's salary	
Car benefit	
Accommodation benefit	
Gross employment income	
Allowable deductions:	
Chargeable employment income	

Computation of tax payable:

SCENARIO 2

Gweta Ltd, an unquoted trading company, prepares accounts to 30 November. companies. The draft accounting profits for the year ended 30 November 2019 are P3,595,000. The following items have been added or deducted in arriving at the draft accounting profit:

	Note	P
Depreciation		180,400
Loan interest payable	1	73,000
Donations	2	18,000
Local dividends received	3	29,000
Bank interest receivable		13,000

Notes.

1. Interest payable on a loan to buy a delivery truck. The truck cost P660,000 in March 2018. (See Note 4 also).
2. The donation of P18,000 in the accounts comprises P5,000 paid to a political party and P13,000 paid a government health facility..
3. Local dividends received from Botswana companies.
4. In addition, the following items have not yet been included in the accounts:
 - Car leasing charges of P48,000. The car is used by the Chief Accountant who uses 40% for business and 60% for private purposes. The cost of the car was P560,000.
 - The company purchased computer equipment during the year ended 30 November 2019 costing P150,000. The tax written down value on the computers at 1 December 2018 was nil.
 - Fixtures and fittings costing P87,000 had a tax written down value of P78,300 at 1 December 2018. During the year, the company purchased fixtures and fittings at a cost of P43,000.
 - Capital allowances have not yet been calculated.

Using the standard format below, compute Gweta Ltd's total taxable income for the year ended 30 November 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 into the relevant box.

Computation of taxable income for Gweta Ltd fye 30 November 2019

	P
Accounting profit as given	
Depreciation	
Donations	
Local dividends	
Bank interest receivable	
Car leasing charges	
Capital allowances (W1)	
Taxable income	

W1 - Computation of Capital Allowances fye 30 November 2019

	P
Truck	
Computer	
Fixtures & fittings	
Fixtures & fittings	
Total Capital allowances	

SECTION B

- 1 Dumela used to earn P220,000 and paid P32,050 in income tax per annum. She has recently received a substantial pay rise and now earns P350,000. Her revised income tax is P64,550.

Select which of the following options correctly defines the principle on which this tax system is based.

- A Progressive taxation
- B Regressive taxation

Select which of the following options correctly classifies approved pension contributions.

- C Direct tax
 - D Indirect tax
-

- 2 Select which of the following are functions carried out by BURS.

- (i) Collect and administer direct taxes
- (ii) Collect and administer indirect taxes
- (iii) Pay and administer old peoples' allowances
- (iv) Collect repayments of student loans
- (v) Pay and administer the state pension

- A (i) and (ii) only
 - B (i), (ii) and (iii) only
 - C (i), (ii), and (iv) only
 - D (i), (ii), (iii) and (v) only
-

- 3 Tebogo is a sole trader. Which of the following actions by Tebogo is not an example of tax evasion?

- A Claiming P2,000 of personal expenses through the business
 - B Omitting to record P500 of cash sales
 - C Deliberately postponing the sale of some shares from 30 September 2019 until 10 October 2019 so that he can delay paying his capital gains tax liability
 - D Overestimating the value of some property donated to charity
-

- 4 Masego is unhappy with an explanation given to her by a client in relation to the current year's accounts. If she accepts the explanation and submits the accounts to BURS she feels that this will compromise the principle of integrity.

Which of the following factors is she not required to consider in resolving the ethical conflict?

- A The facts that she has uncovered
 - B The relationship that her firm has with the client
 - C The client's internal procedures
 - D Alternative courses of action
-

- 5 Select which TWO of the following items are treated as 'non-taxable income' for income tax purposes.

- A Income tax repayment interest
 - B Interest paid by Botswana Savings Bank
 - C Bad debt recovered
 - D Pension income
 - E Tips given to staff by customers
-

- 6 Fred works as an employee of Oodi Ltd. Fred's gross salary for 2018/19 was P258,000. During 2018/19 Fred paid P41,550 in income tax via PAYE. Fred also earned P28,000 from part time lecturing.

What is Fred's income tax payable for 2018/19?

P _____

Enter a whole number WITHOUT the P sign

- 7 During the tax year 2018/19, Mokgwane, a farmer, made two donations to his relatives as follows:

Mokgwane donated 5 cows to his brother Mpho, and lent 8 cows to his sister Neo to use for 2 years only (mafisa).

Select which one of the following provides the correct tax treatment:

- A The donations to Mpho and Neo will be included in Mokgwane's taxable income at market.

- B The donation to Mpho will be included in Mokgwane's taxable income at market value.
- C The donation to Neo will be included in Mokgwane's taxable income at market value.
- D The donations will not affect the taxable income.

8 Gomolemo has an annual salary of P256,000 and has received the following benefits during 2018/19:

- Meal allowances of P500 per week or P26,000 per year; and
- Holiday package of P35,000 per year.

Select which of the following correctly identifies Gomolemo's taxable benefits for 2018/19.

- A P26,000
- B P35,000
- C P61,000
- D P0

9 Nonofu has been a farmer for many years. During the tax year 2018/19, incurred the following capital expenditure:

- Purchase of tractor for P180,000 and
- Removal of noxious plants at a cost of P45,000

In calculating Nonofu's taxable farming income for 2018/19, what is the total capital allowance that will be deducted:

P_____

Enter a whole number WITHOUT the P sign

10 Kefilwe is a business woman with different sources of income. During the tax year 2018/19, her income was as follows:

Bottle store	Tax income	P530,000
Trading	Tax loss	P150,000
Farming	Tax loss	P80,000

Select which one of the following correctly identifies Kefilwe's taxable income for the tax year 2018/19:

- A P530,000
 - B P380,000
 - C P300,000
 - D P450,000
-

11 Seipone's accounts for the year ended 30 September 2014 showed legal and professional fees of P53,000.

Select which TWO of the following costs are not allowable in calculating her tax adjusted trading profit.

- A Fees incurred in the recovery of a trade bad debt
 - B Legal fees of a successful appeal against a tax assessment
 - C Legal fees of defending an action by a customer in respect of alleged of contract
 - D Fees for preparation of the annual accounts
 - E Cost of taking out a new five-year lease on business premises
- 12** Ramantele commenced to trade as a sole trader on 1 October 2018 preparing his first set of accounts for the nine months ended 30 June 2019.

On 1 November 2019 Ramantele purchased a car for P280,000. She uses this 60% for business purposes.

Calculate the maximum capital allowances available for the car for the nine months ended 30 June 2019.

Capital allowances P_____

Enter a whole number WITHOUT the P sign

13 Gosego and Cecilia have been in partnership for many years. The partnership agreement allocates partners' interest at 5% pa on capital invested. The balance of any profits is shared in the ratio 2:3.

On 1 December 2018 Gosego's capital account had a balance of P350,000 and Cecilia's balance was P230,000. For the year ended 30 November 2019 the partnership had a tax adjusted trading profit of P985,000.

Select the option which correctly shows Gosego's assessable trading profits for the year 30 November 2019.

- A P411,500
- B P399,900

C P394,000

D P382,400

14 Mokone has been in the manufacturing business for many years preparing accounts to 30 September annually.

Mokone incurred the following capital expenditure during the year ended 30 September 2019:

- Dwelling houses for two employees P150,000
- Building used for operating machinery P420,000

Select which of the following options correctly identifies the amount of capital allowances that Mokone would deductible against the trading income for year ended 30 September 2019.

A P165,500

B P156,750

C P153,000

D P119,250

15 Nametso has been trading for many years. His adjusted trading profits for 2018/19 are P240,000.

His total deductible contributions to an approved pension for 2018/19 are

P_____ .

Enter a whole number WITHOUT the P sign

16 In March 2008, Kaone purchased an office for P690,000. Kaone sold the office in March 2019 for P1,600,000, incurring P48,000 estate agents' fees on the sale.

Kaone made no other disposals of chargeable assets during 2018/19. Kaone has taxable income of P274,950 in 2018/19.

What is Kaone's capital gains tax liability for 2018/19 P_____

Enter a whole number WITHOUT the P sign

17 Amos purchased a warehouse in July 2008. The warehouse cost P100,000 and he paid solicitor's fees of P3,500 relating to the purchase.

During 2010 he spent P38,000 on a wall fence for the warehouse and P10,580 on repairs to the plaster work of the warehouse when there was a flood. Amos anticipates selling the house within the next few months.

Correctly identify the total allowable expenditure on the disposal of the warehouse below:

- A P100,000
- B P110,580
- C P138,000
- D P141,500

18 Pono sold 8,400 shares for P252,000 on 15 November 2019. The details of her share purchases were as follows:

April 2001	Purchased 5,000 shares for	P40,000
July 2008	Rights issue 2 for 5	P10,000
March 2012	Purchase of 5,000 shares for	P100,000

Calculate the indexed gain on the sale of the shares.

P_____

Enter a whole number WITHOUT the P sign

19 Maun Ltd is a Botswana resident trading company that made various capital disposals during the year ended 30 November 2019.

Select how the resulting capital gains or losses should be treated in the company tax computation of Maun Ltd for the year ended 30 November 2019.

Loss of P590,000 on the sale of property used in the business.

- A Chargeable gain
- B Exempt
- C Allowable capital loss

Gain of P286,000 on the sale of shares in a Botswana Ltd company

- D Chargeable gain
- E Exempt
- F Allowable capital loss

20 Select which TWO of the following items are deductible in arriving at the trading income of a Botswana resident company which manufactures furniture.

- A Employer's contributions to approved pension funds
 - B Initial repair costs incurred to make newly acquired asset functional
 - C Interest on a loan taken out to purchase shares in a subsidiary
 - D Interest on overdue company tax
 - E Replacement of roof tiles on the company's head office building
-

21 Monei is unhappy with an explanation given to her by a client in relation to the current year's accounts. If she accepts the explanation and submits the accounts to BURS she feels that this will compromise the principle of integrity.

Which ONE of the following factors is she not required to consider in resolving the ethical conflict?

- A The facts that she has uncovered
 - B The relationship that her firm has with the client
 - C The client's internal procedures
 - D Alternative courses of action
-

22 Boineelo is a Chartered Accountant and is married to Tebogo, who is also his client. Tebogo runs several businesses on behalf of her father. Boineelo knows that Tebogo comes from a wealthy criminal family. However, Boineelo has never queried the funding of Tebogo's businesses as he trusts her implicitly.

Which two of the following options are threats Boineelo is experiencing according to the Code of Ethics?

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

23 Mr Mokaila is tendering for some consultancy work. The same work has also been tendered for by Comp Partners, the accountancy firm which prepares Mr Mokaila's tax returns.

The ethics partner at Comp Partners concludes that the threat from this conflict of interest cannot be acceptably reduced.

According to the ICAEW Code, select which of the following would be an acceptable course of action for Comp Partners?

- A Inform Mr Mokaila of the conflict and notify him that Comp Partners is ceasing to act for him
 - B Inform Mr Mokaila that you will discontinue to act for him without disclosing the conflict to him.
 - C Inform Mr Mokaila of the conflict and continue to act for him
 - D Continue to act for Mr Mokaila and keep the conflict confidential
-

- 24** Lobatse Ltd is a manufacturing company which is registered for VAT. It purchased a motor car for P129,024 inclusive of VAT. The car is used by one of the employees for business and private use.

Select which of the following options correctly identifies the amount which should be included in the capital allowance computation as the acquisition cost of this vehicle?

- A P114,840
 - B P115,200
 - C P128,664
 - D P129,024
-

- 25** Oodi 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 Oodi Ltd.

P15,000 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 car for a salesman for P200,000. The car is used 60% for business purposes

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

26 Mpho is a VAT registered trader making only standard rated supplies. Mpho received an order from a customer on 20 July 2019 and dispatched the goods on the same day. Included with the order was payment of a 10% deposit of P1,150 including VAT.

An invoice for the full amount of P11,500 including VAT was issued on 1 August 2019. The balancing payment of P10,350 was received on 10 December 2019.

Calculate how much output tax must be accounted for on the following VAT returns:

Two months to 31 July 2019

- A P0
- B P123
- C P1,232

Two months to 31 August 2019

- D P0
- E P1,109
- F P1,232

27 Nonofo is registered for VAT. Nonofo sold goods to Gosego for P2,000 without charging any VAT. Gosego had assured him that the goods were exempt from VAT. Nonofo 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 P214.28
- B P240.00

The VAT is payable by

- C Nonofo
- D Gosego

- 28 Select which TWO of the following statements 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 P1,000,000
 - D A trader making exempt supplies must register for VAT if his supplies exceed the VAT registration limit
-

- 29 Palesa is registered for VAT and is preparing his VAT return for the two-month period ended 31 October 2019. During this period he made zero rated supplies of P330,000 and standard rated supplies of P495,600. These figures are VAT exclusive.

Palesa incurred input tax related to the zero rated supplies of P11,300 and input tax related to the standard rated supplies of P24,000 during the same period.

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

Output VAT P_____

Enter a whole number WITHOUT the P sign

- 30 Palesa is registered for VAT and is preparing his VAT return for the two-month period ended 31 October 2019. During this period he made zero rated supplies of P330,000 and standard rated supplies of P495,600. These figures are VAT exclusive.

Palesa incurred input tax related to the zero rated supplies of P11,300 and input tax related to the standard rated supplies of P24,000 during the same period.

Calculate how much input VAT Palesa should account for on his VAT return for the two-months ended 31 October 2019.

Input VAT P_____

Enter a whole number WITHOUT the P sign

- 31 Dangote Ltd is a Nigerian company operating in Botswana as a non-resident company. During the year ended 30 November 2019, Dangote Ltd had taxable income of P1,200,000.

Calculate the tax liability for Dangote Ltd for the year ended 30 November 2019:

Tax liability P _____

- 32** At the beginning of its accounting period ended 31 October 2019, Palapye Ltd estimated that its taxable income would be P1,300,000. Palapye Ltd made quarterly self-assessment payments based on the estimated taxable income. Palapye is a Botswana resident company.

At the end of November 2019, Palapye Ltd determined that its actual taxable income for the year ended 31 October 2019 was P1,420,000.

Calculate the quarterly instalment payable by Palapye Ltd during the year ended 31 October 2019:

Quarterly instalment payable P _____

- 33** At the beginning of its accounting period ended 31 October 2019, Palapye Ltd estimated that its taxable income would be P1,300,000. Palapye Ltd made quarterly self-assessment payments based on the estimated taxable income.

At the end of November 2019, Palapye Ltd determined that its actual taxable income for the year ended 31 October 2019 was P1,420,000.

Calculate the final or top-up tax payable by Palapye Ltd for the year ended 31 October 2019:

Final instalment payable P _____

- 34** Mr Zuma, a South African national, was offered employment on a two-year contract in Gaborone. Mr Zuma arrived in Botswana on 1 June 2018 and intended to stay until the end of his contract.

Correctly identify the tax year in which Mr Zuma would first be regarded as a resident of Botswana:

- A Tax year 2017/2018
 - B Tax year 2018/2019
 - C Tax year 2019/2020
 - D Tax year 2020/2021
-

- 35** A penalty may be imposed on a taxpayer where he/she is found to be careless in furnishing of information in his or her tax return.

The penalty imposed is a percentage of the tax that could have been lost as a result of his/her carelessness.

The penalty imposed will be:

- A 25% of the tax that would have been lost
 - B 50% of the tax that would have been lost
 - C 75% of the tax that would have been lost
 - D 100% of the tax that would have been lost
-

36 Penalties imposed on taxpayers depend on whether the error committed by the taxpayer was as a result of carelessness or wilful default.

Which of one of the following errors is not an example of fraud or wilful default:

- A Creating fictitious invoices
 - B Altering invoices
 - C Making false expense claims
 - D Keeping inaccurate records
-

37 Which one of the following is not a legally binding source of law for Botswana taxation?

- A Case law
 - B Income Tax Act
 - C BURS publications
 - D Statutory Instruments
-

38 Bogatsu is an employee of Sunshine Ltd. Sunshine Ltd pays Bogatsu his salary without the deduction of tax.

Bogatsu's net salary during the tax year ended 30 June 2019 was P112,000.

Calculate the PAYE payable on Bogatsu's salary P_____

Enter a whole number WITHOUT the P sign

39 Kwenang Ltd has taxable total income of P2,460,000 for the year ended 30 November 2019. However, this figure is before the effect of the following items, which were omitted from the financial statements.

Select the effect of each item on Kwenang Ltd's taxable total profits.

Qualifying donations to a government health facility

- A Increase

B Decrease

C No effect

Recovery of previously written off employee loans

D Increase

E Decrease

F No effect

40 Mochudi Ltd is a VAT registered company. During the VAT period ended 30 November 2019, Mochudi Ltd incurred some input VAT.

Select which one the input VAT incurred is recoverable

A Input VAT incurred on residential accommodation

B Input VAT incurred on the purchase on a motor car

C Input VAT incurred on purchase of a fridge used storing drinks for employees

D Input VAT incurred on the purchase of a delivery van
