

BICA POT EXAM SOLUTIONS FOR DEC 2021

Share of taxable income fye 30 June 2021 between partners:

	Total P	Mpho P	Lame P	
Chargeable income (W1)	1,557,000			
Partners' salaries	(540,000)	300,000	240,000	1 x 2
Share of profit	(1,017,000)	581,143	435,857	1 x 2
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Partners' taxable income	0	881,143	675,857	
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Calculation of partnership chargeable income fye 30 June 2021:

	P	P	
Accounting profit		1,360,000	
Donation to political party	40,000		1
Depreciation	180,000		1
Entertainment of suppliers	0		1
Drawings by partners	200,000		1
Bank deposit interest	(32,000)		1
Capital allowances	(224,000)		1

		197,000	
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Partnership chargeable income		1,557,000	10
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TT Ltd's total taxable income fye 31 March 2021:

P

Net profit	4,500,000	
Salaries for directors	0	1
Bad debts w/o (P80,000 – P28,000)	52,000	1
Replacement of utensils (P210,000 – P70,000)	(140,000)	1
Depreciation	276,000	1
Fair value loss on financial investments	38,000	1
Bank deposit interest	0	1
Loss on disposal of non-current assets	130,000	1
Capital allowances on heavy P & M	(457,500)	1
Balancing allowance on disposal of NCA(W1)	(86,000)	2
Total taxable income	4,312,500	10

Working 1 – Balancing adjustment on disposal of non-current assets (NCA)

P

Cost	448,000
Less capital allowances granted	(224,000)
Income Tax Value b/f	224,000
Sales proceeds	(138,000)
Balancing allowance	86,000

1. A
2. D
3. B
4. C
5. B
6. D
7. C
8. D
9. A
10. A & C
11. C
12. A
13. $D - P5,735 [(P240,000 - 200,000) \times (1.015^9 - 1)]$

14. Assessable benefit – P20,600

First 200,000	10,000
Next 104,000 at 15%	<u>15,600</u>
	25,600
Less fuel Adj cost	<u>(5,000)</u>
Assessable benefit	<u>20,600</u>

15. Housing benefit: $P485,000 \times 10\% = \underline{P48,500}$

Furniture benefit: $(P50,000 - P15,000) \times 10\% = P3500$

16. The gross salary is P132,738

	Net	Tax	Gross
First	99,900	8,100	108,000
Next (18.75/81.25)	<u>20,100</u>	<u>4,638.46</u>	<u>24,738.46</u>
	<u>120,000</u>	<u>12,738.46</u>	<u>132,738.46</u>

17. B & D

18. A
19. A & B
20. P1, 200 Add back
21. Capital allowance = P26, 250 = 00
 $P175, 000 \times 25\% = P43, 750$
 Business use = $P43, 750 \times 60\%$
 $= \underline{P26, 250}$
22. Nil – capital losses can only be carried forward for one year
23. A, B & D
24. A & C
25. B & F
26. A & D
27. C [460,000 – 120,000 = 340,000]
28. Capital allowance – P315,000
- | | |
|-------------|-------------------|
| Cost b/f | 980,000 |
| Additions | <u>280,000</u> |
| | <u>1,260,000</u> |
| C. A at 25% | <u>P 315, 000</u> |
29. A & D
30. C & F
31. A & C
32. Output VAT – P1,800
 $= P1, 800 (P15,000 \times 12\%)$
33. C - VAT paid on the purchase of a delivery van is wholly recoverable.
34. C
35. C - The tax point for the supply of goods is the earlier of
- i) The date on which the invoice is issued or

ii) The date on which payment is received

36. B & C

37. Output VAT

$$= P29,560 \times 12\% = P3,547$$

38. D – The value of the transaction

39. P17,600 [12,000 + 5,600]

Input VAT attributable to taxable supplies is wholly recoverable

40. C - Commissioner General has reasons to believe that Bashe's taxable supplies will not reach the registration threshold within 12 months