

BICA POT EXAM SOLUTIONS FOR JUNE 2022

Computation for business taxable income for Mpho for the			
year ended 31 December 2022:			
		P	
Net profit per accounts		493,800	1
Depreciation		248,000	1
Local dividends		(16,200)	1
Legal fees in relation to:			
Patents		3,000	1
Premium		18,000	1
Audit fees		-	1
Breach of contract		-	1
Bad debts:			
Staff loans w/o		10,000	1
Staff loans w/o recovered		(34,000)	1
Bad debts w/o recovered		-	1
Decrease in general provision		(3,000)	1
Taxable Business Income		719,600	

Akasi Ltd's total taxable income fye 31 March 2022:

	P	
Net profit	2,100,000	
Salaries for directors	(28,000)	1
Bad debts w/o (P80,000 – P28,000)	(10,000)	1
Replacement of utensils (P210,000 – P70,000)	(40,000)	1
Depreciation	(280,000)	1
Fair value loss on financial investments	(25,000)	1
Bank deposit interest	(25,000)	1
Loss on disposal of non-current assets	(5,000)	1
Capital allowances on heavy P & M	55,000	1
Balancing allowance on disposal of NCA(W1)	14,000	2
Total taxable income	1,756,000	10

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. C – P14,340 [(P300,000 – 200,000) x (1.015⁹ – 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 x 10% = P48, 500
 Furniture benefit: (P50,000 – P15,000) x 10% = P3500
16. The gross salary is P152,369.23

	Net	Tax	Gross
First	113,700	6,300.00	120,000.00
Next (18.75/81.25)	<u>26,300</u>	<u>6,069.23</u>	<u>32,369.23</u>
	<u>140,000</u>	<u>12,369.23</u>	<u>152,369.23</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 x 12% = P3, 547
38. D – The value of the transaction
39. P17, 600 [12,000 + 5,600]
- Input VAT contributable 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