



Botswana Institute of Chartered Accountants

Principles of Taxation

Examination Paper

Date: 07 June 2018

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 2017

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

Rates of tax - 2017/18 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 JUNE 2017

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	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						

Scenario Question 1

Rorisang, aged 60, received the following income during 2017/18:

- A pension of P42,000 which she receives from an approved pension following her retirement at 55 years, and
- Alimony of P36,000 for her maintenance from her former husband.

Following her retirement, Rorisang took up a two year contract of employment with Osiam Ltd with effect from 1 July 2017. Her remuneration package in 2017/18 was as follows:

- Basic salary P120,000 per year
- Osiam Ltd provided Rorisang with a company house whose rateable value was P230,000 for the whole tax year.
- Osiam Ltd contributes P8,000 per annum to Rorisang's medical aid. Rorisang contributes P2,000 to the medical aid through payroll deductions.
- On 1 October 2017, Rorisang got an interest free loan of P30,000 from her employer. The outstanding balance on the loan at 30 June 2018 was P20,000. The official interest rate is 6%.
- Osiam Ltd paid the annual professional subscription fees of P4,200 on behalf of Rorisang.
- Osiam Ltd paid Rorisang an annual car allowance of P24,000.

Using the standard format below, compute Rorisang's total taxable income for 2017/18. 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.

Computation of the total taxable income for Rorisang – 2017/18:

	P
Employment income (W1)	<input type="text"/>
Pension income	<input type="text"/>
Alimony	<input type="text"/>
Total taxable income	<input type="text"/>

Working 1 – Employment income

Basic salary	<input type="text"/>
Housing benefit	<input type="text"/>
Deemed interest	<input type="text"/>
Professional subscription fees	<input type="text"/>
Car allowance	<input type="text"/>
Employment income	<input type="text"/>

Scenario Question 2

Bogatsu Ltd prepares accounts to 31 December annually. The draft accounting profits for the year ended 31 December 2017 are P2,330,000. The following items have been added or deducted in arriving at the draft accounting profit:

	Note	P
Depreciation		560,000
Loan interest payable	1	38,000
Legal expenses	2	18,000
Donation to charity	3	65,000
Bank deposit interest received (gross)	4	22,000

Notes

- (1) The interest payable was incurred on a loan to purchase machinery during the year.
- (2) The legal expenses related to the purchase of a second hand commercial property.
- (3) .The donation was paid to a charity that deals with conservation of wild animals.
- (4) The interest was received from a Bank and withholding tax was correctly deducted at source.

In addition, the following items have not yet been included in the accounts:

- The company received P12,000 in respect of debt to a former employee that was previously written off in the previous year.
- The company correctly calculated the capital allowances for 2017/18 as P296,000. The capital allowances calculated did not include the capital allowances on the commercial property that was purchased for P450,000 on 1 October 2017. The cost of P450,000 excludes the legal expenses incurred on the purchase of the commercial property.

Using the standard format below, compute Bogatsu Ltd's taxable total income for the year ended 31 December 2017. 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.

Computation of Bogatsu Ltd's total taxable income fye 31 December 2017:

	P
Accounting profit for year	<input type="text"/>
Depreciation	<input type="text"/>
Loan interest payable	<input type="text"/>
Legal expenses	<input type="text"/>
Donation to charity	<input type="text"/>
Bank deposit interest income	<input type="text"/>
Recovered debt from former employee	<input type="text"/>
Capital allowances	<input type="text"/>
Buildings allowances (W1)	<input type="text"/>
Total taxable income	<input type="text"/>

W1 - Buildings allowances on commercial property

	P
Cost	<input type="text"/>
	<input type="text"/>
Buildings allowance at %	<input type="text"/>

1. Which one of the following is NOT the objective of taxation?
- A Re-distribution of wealth
 - B To raise finance for government
 - C To punish persons who have a high net income
 - D To assist the government in the management of the economy
-

- 2 Which one of the following is a canon of taxation?
- A Relevance
 - B Understandability
 - C Substance
 - D Convenience
-

- 3 Which one of the following is a function of BURS?
- A Providing infrastructure
 - B Raising assessments on taxpayers
 - C Building schools and hospitals
 - D Imposing criminal penalties on taxpayers who are convicted of tax evasion
-

- 4 Which of the following conditions are not a requirement for a company to be treated as a resident in Botswana for corporation tax purposes?
- 1) The company was incorporated in Botswana
 - 2) The company is managed from Botswana
 - 3) The company is controlled from Botswana
 - 4) The management team are resident in Botswana
- A 1 only
- B 1, 2, 3 and 4
- C 2 and 3 only
- D 4 only
-

- 5 On 2 May 2018, Tumelo disposed of an immovable property, and this resulted in a chargeable gain of P210,000. This was her only capital disposal.

Additionally, Tumelo has taxable income of P120,000 for the tax year 2017/18.

Tumelo's capital gains tax liability for the tax year 2017/18 is:

P _____

- 6 For the tax year 2017/18, what is the latest date by which a company with an accounting period that ended on 31 March 2018 file a self-assessment tax return if it wishes to avoid penalties?
- A 30 April 2018
 - B 30 June 2018
 - C 31 July 2018
 - D 30 September 2018
-

- 7 Richie Ltd commenced trading on 1 January 2015. The company's taxable income /(allowable losses) were as follows:

Period	P
Year ended 31 December 2015	160,000
Year ended 31 December 2016	(220,000)
Year ended 31 December 2017	310,000

What will be Richie Ltd's taxable income for tax year 2017/18?

P _____

- 8 Sinah ceased trading on 31 December 2017, having been self-employed since 1 January 2008. On 1 January 2017, the tax written down value of her light plant and machinery was P106,980 (original cost P178,300). The plant and machinery were sold for P88,000 on 31 December 2015.

What is the balancing allowance or charge which will arise upon the disposal of Sinah's plant and machinery?

- A P18,980 balancing allowance
 - B P18,980 balancing charge
 - C P7,765 balancing allowance
 - D P7,765 balancing charge
-

- 9 Lesolle commenced trading on 1 April 2017, and registered for value added tax (VAT) from 1 January 2018. Her first VAT return is for the two-months ended 29 February 2018. During the period 1 September 2017 to 31 December 2017, Lesolle purchased goods for P16,800, VAT included. Goods worth P8,064 were still in stock at 1 January 2018.

How much input VAT can Lesolle reclaim on her VAT return for the two month ended 29 February 2018 in respect of the purchases?

P _____

10 **Which TWO of the following items of expenditure are deductible in the calculation of an individual's taxable income?**

- (1) A contribution into an approved superannuation fund
- (2) A donation to an approved government health facility
- (3) A contribution into an Mutual Fund for the taxpayer's endowment policy
- (4) A charitable donation to a Diabetes Foundation

- A 3 and 4
 - B 1 and 2
 - C 2 and 3
 - D 1 and 4
-

11 Lesedi Ltd, a VAT registered company, provides one of its directors with a company motor car which is used for both business and private mileage in the ratio of 40:60, respectively.

In May 2018, Lesedi Ltd sold the car used by the director for P120,000, excluding VAT.

What output VAT, if any, will Lesedi Ltd include in its VAT return for May 2018 in respect of the company motor car that was sold?

P _____

12 For the tax year 2017/18, Pontsho has a chargeable gain of P180,000 and a capital loss of P70,000. She has unused capital losses of P160,000 incurred and brought forward from the tax year 2017/18.

What amount of capital losses can Pontsho carry forward to the tax year 2018/19?

- A P90,000
 - B Nil
 - C P50,000
 - D P230,000
-

13 For the year ended 31 March 2018, Pula Ltd has taxable farming profits of P800,000 excluding the following two capital expenditures incurred during the year:

- Removal of obnoxious plants at a cost of P180,000
- Construction of house for a farm worker at a cost of P70,000

What is Pula Ltd's total taxable income for the year ended 31 March 2018?

- A P800,000
 - B P620,000
 - C P600,000
 - D P550,000
-

14 Nonofu was provided with the use of a company car for her personal use by her employer on 1 January 2018. Company policy requires her to pay for all private fuel.

The company acquired the car for cash of P280,000 (including value added tax).

What is the amount of the assessable benefit to be included in Nonofu's taxable income for the 2017/18 tax year?

P _____

15 Nametso is self-employed. For the year ended 30 June 2018 she made a farming loss of P280,000, having made a trading profit of P140,000 for the year ended 30 June 2018. Nametso also had employment income for the year ended 2017/18 was P360,000.

What is the total taxable income for Nametso for 2017/18?

- A P500,000
 - B P360,000
 - C P220,000
 - D P250,000
-

- 16 Lonna Ltd had the following transactions in shares during the year ended 31 March 2018:

On 29 December 2017, Lonna Ltd sold 10,000 shares of its P1 ordinary shares in Skyways Ltd for P104,000.

Lonna Ltd had originally purchased 16,000 shares in Skyways Ltd on 14 April 2008 for P36,800. On 28 June 2011, Skyways Ltd made a rights issue of 1 for 4 at a cost of P3.5 per share.

The chargeable gain on disposal of 10,000 shares on 29 December 2017 is

P _____

- 17 Gaone purchased 10,000 P1 shares in Magwinya Ltd for P46,000 in May 2013.

The company has not been performing well and Gaone decided to sell all her shares for P25,000 on 15 September 2017.

Her allowable loss on disposal of the shares will be

P _____

- 18 Sebete Limited is in the business of selling hardware in Gaborone. It prepares accounts to 31 December annually.

During the year ended 31 December 2017, it made an accounting profit before taxation of P1,650,000, after charging depreciation of P250,000 and interest of P70,000 on a loan acquired to pay dividends. Capital allowances have been agreed at P340,000 and trading losses incurred and brought forward from the previous year were P180,000.

What will be the taxable profit of the company for the year ended 31 December 2017?

- A P1,970,000
 - B P1,450,000
 - C P1,700,000
 - D P1,630,000
-

- 19 Sekhukhu Limited is a resident manufacturing company. In addition to non-current assets brought forward, the company also had the following transactions in assets during the year to 30 April 2018: bought brand new machinery for P420,000; sold motor vehicles (cost less than P175,000) with tax written down value of K40,000 for K65,000 and constructed and brought into use an industrial building at a cost of P1,800,000 .

What types of allowances will be available to be claimed by Sekhukhu Limited on these transactions for the year ended 30 April 2018?

- A Initial allowances and annual allowances
- B Initial allowances, annual allowances and balancing charge
- C Annual allowances and balancing allowances
- D Initial allowances and balancing charges

-
- 20 Saxon Ltd provides the following benefits to its Chief Executive Officer, Ms Manyatsi follows:

Rents a house (annual rateable value P430,000)	P96,000
School fees paid directly to the school for her children	P80,000
Utility allowances on reimbursable basis	P40,000

No other benefits are provided.

What is the value of benefits in kind that will be included in Manyatsi's employment income?

- A P83,000
 - B P120,000
 - C P163,000
 - D P123,000
-

- 21 Tshego runs a beauty spa and has not yet registered for value added tax (VAT). Her annual turnover from services rendered is P950,000. In addition to this turnover, during the 12 month period to 30 April 2018, Tshego sold some of her equipment for P60,000 and acquired some new equipment from a VAT trader at a cost of P86,000.

In relation to Tshego's VAT obligations, which of the following statements is/are true?

- (1) Tshego must register for VAT as her turnover from taxable supplies exceeds P1 million.
- (2) Tshego does not have to register for VAT as her turnover excluding capital goods are only P950,000
- (3) Tshego may voluntarily register for VAT
- (4) Tshego conducts a business and may, therefore, claim a credit for input VAT whether he registers for VAT or not

- A 1
- B 2 and 3
- C 3 and 4
- D 2 and 4

-
- 22 Tsamodimo Traders (Pty) Ltd is a value added tax (VAT) vendor which files monthly VAT returns. In March 2017, Tsamodimo Traders (Pty) Ltd wrote off a bad debt of P14,112 which had been outstanding for more than 12 months. The original debt for P25,760, including VAT, was in respect of a supply of goods.

What is the amount of VAT input which may be claimed by Tsamodimo Traders (Pty) Ltd in May 2018?

- A P0
 - B P2,760
 - C P1,693.44
 - D P1,512
-

- 23 Serena Ltd disposed of an office lot for P1.5 million on 15 June 2017. Serena Ltd had acquired the office block on 1 June 2011 for P620,000. Legal fees paid on the acquisition was P24,000. Serena Ltd took out a loan to finance the acquisition of the office block and incurred interest expenses of P96,200 on this loan.

What is Serena Ltd's chargeable gain in respect of the disposal of the office block for capital gains tax purposes?

P_____

Enter a whole number WITHOUT the P sign

- 24 Mogai 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
-

- 25 Venus's accounts for the year ended 30 September 2017 showed legal and professional fees of P8,000.

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 Interest incurred on a loan that was obtained to acquire equipment
 - D Fees for preparation of the annual accounts
 - E Legal fees incurred in respect of the acquisition of property
-

- 26 Chilisa commenced to trade as a sole trader on 1 September 2017 preparing her first set of accounts for the nine months ended 31 May 2018.

On 1 November 2017 Chilisa purchased a car for P140,000. She uses this 60% for business purposes.

Calculate the maximum capital allowances available to Chilisa in respect of the car for the nine months ended 31 May 2018.

Capital allowances P _____

Enter a whole number WITHOUT the P sign

-
- 27 Topo and Lemogang have been in partnership for many years, preparing accounts to 31 December annually. The partnership agreement entitles the partners to receive annual salaries of P150,000 for Topo and P120,000 for Lemogang. The balance of any profits is shared in the ratio of 2:3.

For the year ended 31 December 2017 the partnership had a tax adjusted trading profit of P985,000.

Select the option which correctly shows the partners' assessable trading profits for 2017/18.

- A Topo – P394,000; Lemogang – P591,000
- B Topo – P436,000; Lemogang – P549,000
- C Topo – P544,000; Lemogang – P711,000
- D Topo – P502,000; Lemogang – P753,000

-
- 28 Select which TWO of the following activities are indicative of badges of trade.

- A Selling a car at a used for personal purposes at a profit
- B Provision of own equipment
- C Selling capital assets frequently during the tax year
- D Supplementary work to make more marketable
- E Ability to hire and fire employees

- 29 Lesego purchased a holiday home in July 2003. The holiday home cost P300,000 and he paid solicitor's fees of P8,000 relating to the purchase.

During 2010 he spent P18,200 on constructing a garage for the holiday home and P5,000 on repairs to the plaster work when there was a flood. Lesego anticipates selling the house within the next few months.

The total allowable expenditure on the disposal of the holiday home will be

- A P300,000
 - B P308,000
 - C P326,200
 - D P331,200
-

- 30 Kenang Ltd prepares accounts to 31 December 2017.

How long is Kenang Ltd required by the Income Tax Act to keep the records pertaining to the accounts and tax return for the year ended 31 December 2017.

- A Up to 31 December 2022
 - B Up to 31 December 2023
 - C Up to 31 December 2024
 - D Up to 31 December 2025
-

- 31 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.

A VAT invoice has been lost and cannot be replaced

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

Purchase of a van for salesmen for P200,000. The car is used 60% for business purposes

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

32 Select which of the following options is not a fundamental principle of the IFAC Code of Ethics.

- A Professional behaviour
 - B Equity
 - C Integrity
 - D Objectivity
 - E Confidentiality
-

33 Nigel Amos, a Chartered Accountant, has one major client from whom he draws more than 90% of his income.

Select which of the following options correctly identifies the type of threat Nigel Amos is likely to experience according to the IFAC Code of Ethics.

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

34 Burs has determined that Mmusi had submitted an incorrect tax return for 2017/18 through carelessness. As a result, Mmusi's tax liabilities were understated by P6,000.

What penalty would Burs impose on Mmusi due to the incorrect tax return?

- A P0
 - B P6,000
 - C P12,000
 - D P9,000
-

- 35 Which one of the following is not a condition for an appeal to the Board of Adjudicators?
- A The tax return should have been submitted
 - B The appeal must state the grounds for the appeal
 - C The appeal must be in writing and made within 60 days of the Commissioner General's decision to the objection
 - D The amount involved in the appeal must not be less than P10,000
-

- 36 Which one of the following statements best describes money laundering.
- A Involvement in criminal activities
 - B Unknowingly buying assets which the seller had acquired through criminal activities
 - C Obtaining money through false pretences
 - D Investing money obtained through criminal activities into legitimate businesses
-

- 37 Kgomo Ltd is registered for value added tax (VAT) and makes both standard and zero rated supplies.

During the month of May 2018, the company made standard rated supplies amounting to P560,000 and zero rated supplies amounting to P220,000. Total monthly standard rated overhead expenses for the month amounted to P22,000.

All figures are exclusive of VAT where applicable.

How much input VAT was recoverable in respect of the overhead expenses for the month of May 2018?

- A P2,640
 - B P1,895
 - C P1,037
 - D P744
-

38 Moraka Limited realised a business loss of P300,000 and an allowable capital loss of P80,000 in the accounting period ended 30 June 2017. In the year to 30 June 2018, it made a taxable profit of P400,000 and made no capital disposals.

How much loss relief is available against the profits of Moraka Ltd for the year ended 30 June 2018?

- A P300,000
- B P400,000
- C P80,000
- D P380,000

39 Dinawa Ltd completed the construction of a hotel in January 2018 and immediately brought it in to use. The total cost of construction is detailed below:

	P
Land	400,000
Site preparation and clearing	150,000
Architect's fees	140,000
Construction of hotel building	2,110,000

Total cost	2,800,000

What are the capital allowances available to Dinawa Ltd in respect of the hotel for the accounting period ended 30 June 2018.

The allowances available are P_____

40 Serame Ltd acquired a leasehold property for the manufacturing of plastic products for a period of 30 years, commencing 1 January 2018. The premium paid for the leasehold was P300,000.

How much of the premium is deductible for Serame Ltd for the year ended 31 December 2018?

- A P300,000
- B P10,000
- C P12,000
- D P82,500