



PAN AFRICA CHRISTIAN UNIVERSITY

**END OF SEMESTER EXAMINATION FOR THE DEGREE
OF BACHELOR OF COMMERCE**

MAY-JULY 2017

CAMPUS: ROYSAMBU

DEPARTMENT: BUSINESS

COURSE CODE: CAC403

COURSE TITLE: ADVANCED TAXATION

EXAMINATION DATE: MONDAY 24th JULY 2017

TIME: 9.00AM-12.00PM

INSTRUCTIONS

- Write your **student number** on the answer booklet provided.
- Read the questions carefully before attempting.
- This exam script consists of **six (6)** questions.
- Answer **ANY FIVE Questions**

QUESTION ONE:

- a. Distinguish between tax evasion and tax avoidance (6mks)
- b. Give examples of the different ways in which tax avoidance is witnessed in Kenya (14mks)

QUESTION TWO:

- a. Describe three key components of taxable income in Kenya (10mks)
- b. Explain three situations in which an income earned in Kenya is tax exempt (10mks)

QUESTION THREE:

Giving examples discuss income deductions as recognized in the Kenyan tax system (20mks)

QUESTION FOUR:

- a) Define capital allowances (2 mks)
- b) Discuss the three major types of capital allowances(18mks)

QUESTION FIVE:

Discuss five deductible expenses and five exempt benefits from employment income (20mks)

QUESTION SIX:

Write notes on the following concepts as used in taxation:

- i. Capital gains
- ii. Tax relief
- iii. Qualifying cost
- iv. Due date
- v. Returns (20mks)