



**TECHNICAL UNIVERSITY OF MOMBASA
SCHOOL OF BUSINESS
DEPARTMENT OF ACCOUNTING AND FINANCE
UNIVERSITY EXAMINATIONS
MAY 2016 SERIES**

**BAC 4406: TAX MANAGEMENT
BACHELOR
OF COMMERCE**

TIME: 2 HOURS.

ANSWER QUESTION ONE AND ANY OTHER TWO QUESTIONS.

TAX MANAGEMENT MARKING SCHEME-PAPER2

QUESTION ONE

- a. Explain the role of a tax strategy in a profit oriented organizations. **(6 Marks).**
- b. Discuss the steps necessary for developing a well functioning tax strategy. **(12 Marks).**
- c. Discuss the merits of a good integrated tax management system. **(12 Marks).**

QUESTION TWO

- a. Corporate governance plays an important integral role in the tax management process. Discuss. **(8 Marks).**
- b. Today's executives in local and multinational companies tend to carefully consider business and tax implications when (re)organizing their operations. Discuss. **(12 Marks).**

QUESTION THREE

- a. Tax may be considered as either a cost factor or a social obligation. Discuss. **(8 Marks).**

- b. Using a suitable diagram, explain how the tax risk management system can be embedded in the overall philosophy of an organization. **(12 Marks).**

QUESTION FOUR

- a. Discuss the benefits that accrue to a company whose tax risk is low. **(10 Marks).**
- b. When designing a tax control framework, allowances should be made for customization after considering several characteristics. Discuss. **(10 Marks).**

QUESTION FIVE

- a. Discuss the role of management in the tax management process. **(8 Marks).**
- b. Explain the concept of horizontal tax control approach. **(4 Marks).**
- c. Explain the advantages that accrue to a company that adopts the horizontal tax control approach. **(8 Marks).**