



**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).**