



TECHNICAL UNIVERSITY OF MOMBASA

SCHOOL OF BUSINESS

DEPARTMENT OF ACCOUNTING & FINANCE

UNIVERSITY EXAMINATION FOR:

DEGREE IN BACHELOR OF COMMERCE

BAC 4406 TAX MANAGEMENT

END OF SEMESTER EXAMINATION

SERIES: DECEMBER 2016

TIME: 2HOURS

Instructions to Candidates

You should have the following for this examination

-Answer Booklet, examination pass and student ID

This paper consists of **FIVE** questions. Attempt question ONE (Compulsory) and any other TWO questions.

Do not write on the question paper.

QUESTION ONE

- a. The hallmark of a global economy is greater mobility of economic transactions and economic agents. Firms and households enjoy far more geographic choice for purchase of goods and services, for locations to invest, and for places to work and retire. These choices often spill across national borders, as firms and households seek to buy at the lowest price, to sell at the highest price, to invest at the preferred combination of risk and return, and to live in communities that best meet their needs. In the long run, the outcome of greater choice is more efficient economies and better living standards. Along the way, however, are numerous challenges. Discuss the tax challenges emanating from the above statement and appropriate remedies. **(15 Marks)**

- b. Introduction of an integrated tax management system in Kenya is worthwhile. Explain. **(15 Marks)**

QUESTION TWO

- a. A strategy deals with the allocation and deployment of physical and human resources so as to achieve the desired goals in the face of environmental pressures. Discuss the necessary and desirable steps for setting up tax management strategies of an organization you are familiar with. **(10 Marks)**
- b. Explain the role of top level managers in the tax management process. **(10 Marks)**

QUESTION THREE

- a. Discuss corporate governance issues related to tax management in the corporate world. **(10 Marks)**
- b. Today's executives in local and multinational companies tend to carefully consider business and tax implications when (re)organizing their operations such as capital structure and supply chain restructuring. Discuss. **(10 Marks)**

QUESTION FOUR

- a. For many organizations, tax is a cost factor rather than a social obligation. Discuss. **(10Marks)**
- b. Hypothesize a tax risk management framework of a public limited company. **(10 marks)**

QUESTION FIVE

- a. Discuss necessary considerations when developing a tax control framework of a public limited company. **(10Marks)**
- b. Discuss the merits of a horizontal tax control approach. (10 marks)