TECHNICAL UNIVERSITY OF MOMBASA

School of Business

Department of Accounting & Finance

UNIVERSITY EXAMINATION FOR:

BACHELOR OF COMMERCE & BACHELOR OF BUSINESS ADMINITRATION

BAC4406: TAX MANAGEMENT

SPECIAL/SUPLEMENTARY EXAMINATION

SERIES: JULY 2025

TIME: 2 HOURS

DATE: Pick DateJul 2025

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 (Compulsory)

a) According to section 23 of the Income Tax Act (Cap. 470 – Laws of Kenya), there exists some opportunities for tax avoidance (tax planning). With this in mind, discuss the tax planning opportunities which are exercised by companies in Kenya **(10Mrks)**

b) As businesses operate at the international level, global tax principles and policies are inevitable, Discuss the key global tax concepts and principles **(10Mrks)**

c) Tax management is an integral component of any organization wishing to be compliant and operate without interference by the tax authority. However, it should be noted that tax management comes with cost. Outline the Four costs and Four benefits associated with tax management. **(10Mrks)**

Question Two

a) Corporate governance plays a vital role in all departments of an organization. Discuss the role of corporate governance in department tasked with tax management. **(10Mrks)**

b) Risks are bound to face any business organization. The environment in which business operate keep on getting riskier by day. As an expert in taxation, advise companies on the strategies that they should embrace for an effect tax risk management system **(10Mrks)**

Question Three

a) i-Tax is an online system that was developed with a view to simplify the tax process and enhance compliance among tax payers. Outline the various returns which can be filled via the i-Tax system **(5Mrks)**

b) For effective tax management practices, companies ought to have robust tax control mechanism.

   i. Discuss the Tax control framework in companies **(10Mrks)**

   ii. Discuss the benefits of a tax control framework in companies **(5Mrks)**

Question Four

a) Tax evasion by taxable people and entities hinders the government from fully collecting its revenue. Outline the opportunities for tax evasion **(7Mrks)**

b) Awendo ltd wishes to operate business in Kenya and at the international level. The company has consulted you as their tax advisor. Advise the company accordingly by highlighting the domestic and customs tax crimes with reference to tax evasion that the company must not commit. **(8Mrks)**

c) Kenya practises the multiple tax system, discuss the multiple tax concept and give the advantages and the disadvantages of the multiple tax system **(5Mrks)**

Question Five

a) Mr. Masese is contemplating filling for a VAT refund, this is because he has been told by his friend Mugambi that he always been getting VAT refund from the government. Mr Masese's business is all local, while Mr. Mugambi deals in exportation of coffee. Now, according to section 2 of the Customs and Excise Act Cap 472 laws of Kenya advise Mr. Masese on the circumstances upon which VAT paid can be refunded **(10Mrks)**

b) Giving examples, discuss scenarios upon which a company can opt to engage the services of tax consultant **(10Mrks)**