TECHNICAL UNIVERSITY OF MOMBASA

School of Business

Department of Accounting & Finance

UNIVERSITY EXAMINATION FOR:

BACHELOR OF COMMERCE & BACHELOR OF BUSINESS ADMINITRATION

BAC4406: TAX MANAGEMENT

END OF SEMESTER EXAMINATION

SERIES:APRIL 2025

TIME: 2 HOURS

DATE: Pick DateApr 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)

The world today has become a global village, this scenario fosters business across nations and different jurisdictions. As businesses operate at the international arena, global tax principles and policies are inevitable, and business people must acquaint themselves with these global tax principles and policies.

a) Discuss the key global tax concepts and principles **(10Mrks)**

b) Discuss the key policy consideration in global taxation **(10Mrks)**

c) Discuss the key issues in global taxation **(10Mrks)**

Question Two

a) The income Tax Act (Cap 470 Laws of Kenya) section 10 (5) gives the commissioner power to deregister a tax payer (Both a person or a company). Outline the factors which might lead to the deregistration of a tax payer (Both a person or a company). **(3Mrks)**

b) 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)**

c) Section 2 of the Customs and Excise Act Cap 472 laws of Kenya defines VAT refund as the return or repayment of VAT already paid. With this in mind, outline the circumstances upon which a taxpayer can ask for VAT refund **(5Mrks)**

d) Discuss the obligations of registered taxpayer **(3Mrks)**

e) Discuss the various offences that taxpayer commit (**4Mrks)**

Question Three

a) Effective tax management helps companies reduce costs, improve cash flows, and maintain a good standing with tax authorities and stakeholders, thus making tax management a critical aspect of financial management.

   i. Discuss the key components of tax management **(5Mrks)**

   ii. Discuss the role of corporate governance in tax management **(4Mrks)**

   iii. Discuss tax risk management in companies **(3Mrks)**

b) Developing a robust tax control framework is fundamental for any organization. Discuss the benefits of a tax control framework **(4Mrks)**

c) At times, companies are faced with tax queries form the tax authorities which require intervention of a tax consultancy because the company may not have the required expertise to handle the KRA query effectively. Discuss the role of tax consultancy in business organizations **(4Mrks)**

Question Four

a) Multiple tax system has always been preferred in many jurisdictions over the single tax system. With this in mind:

   i) Discuss Three merits of a multiple tax system and Two merits of a single tax system **(5Mrks)**

   ii) Discuss the effects of Double taxation **(5Mrks)**

b) Taxation is fundamental for any country aspiring to achieve its economic and development agenda, giving examples, discuss the reasons as to why the Kenyan Government Tax its citizens **(10Mrks)**

Question Five

a) Tax avoidance and tax evasion are aspects which many developing countries are struggling to combat so as to increase the amount of revenue collection.

i. Giving examples, differentiate between tax avoidance and tax evasion **(4Mrks)**

ii. Tax evasion is a vice which the Kenyan government is fighting because it hinders the government from fully collecting its revenue. Discuss the remedies which the Kenyan government is taking in order to reduce/eliminate tax evasion **(6Mrks)**

b) 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 avoidance/planning opportunities which are exercised by companies in Kenya **(5Mrks)**

c) Taxes can be shifted from one individual/entity to another, discuss the factors which determine tax shifting **(5Mrks)**