

TAXATION – PAPER 11 June 2011**10 General Performance**

- The pass rate was 32.08% which is below average!
- It was observed that candidates were not well prepared for the examination.
- Most candidates attempted the required number of questions; however, a few candidates attempted only four questions.
- Candidates generally attempted questions 6 and 7 very well, but performed poorly in questions 2, 3 and 4. Question 1 was averagely attempted.
- Hardly any candidate attempted question 5.

2.0 PERFORMANCE IN INDIVIDUAL QUESTIONS**2.1 Question 1**

- Required candidates to: (a) compute tax payable by an employee who also earned professional income, (b) compute taxpayers' liability and state the due date for payment of the tax, and (c) determine the penalties due for (i) failure to furnish returns of income tax on time and (ii) late payment of tax.
- Part (a) was fairly attempted. However, some candidates misinterpreted the professional income for presumptive tax because of the threshold.
- Most candidates articulated well the assumptions and why they did not use some given allowable deductions.
- The average pass rate in this question was in the region of 55%.
- In part (c) the majority of candidates lacked understanding of the penalties required.

2.2 Question 2

- Required candidates to: (a) explain the term 'depreciable assets, (b) compute Industrial building allowance, and (c) compute other capital allowances including, initial and wear and tear allowances.
- Most candidates applied wrong rates to compute the initial allowance and industrial building allowance.
- Wear and tear allowances were fairly computed.
- The question was attempted by a big percentage of the candidates.
- The pass rate in this question was around 30%.

2.3 Question 3

- Required candidates to: (a) (i) compute penal tax for under provision of tax, (ii) give advice on PAYE obligations due and the implications of non-submission of returns on the due date, (b) discuss objections and appeals procedure under the Income Tax Act.
- The question was attempted by the majority candidates who performed very poorly.
- Candidates did not understand the question requirement especially part (a) (ii) on PAYE.
- Parts (a) (i) and (b) were fairly attempted by most candidates.
- The average pass rate in this question was about 25%.

2.4 Question 4

- Required candidates to: (a) to state the requirements for VAT registration under the VAT Act, (b) (i) advise the company as to whether it should be registered for VAT and the appropriate time to apply for registration under the historical test, (ii) state the effective date of registration, and (iii) state the date for submission of the first return.
- The majority of candidates attempted the question but performance was very poor.
- The pass rate in this question was 30%.

2.5 Question 5

- The question tested candidates on the understanding of the World Trade Organisation (WTO) Valuation Agreement.
- It required to: (a) explain what is understood by the term 'transaction value of imported goods' (b) enumerate the evidences of a sale under World Trade Organisation (WTO) Valuation Agreement, and (c) explain the conditions for the use of transaction value under Article 1 of WTO.
- Very few candidates attempted the question and performance was poor.
- The pass rate in this question was 40%.

2.6 Question 6

- The question tested candidates' knowledge of Tax terminologies under the Income Tax Act Cap 340
- It required candidates to: (a) explain the following terms under the Income Tax Act: resident trust and resident retirement fund, (b) state circumstances under which an individual is exempted from Income Tax under the Income Tax Act; (c) give circumstances of re-characterisation of income and deductions by the Commissioner.
- The majority candidates attempted this question and performed well in parts (a) and (b) of the question. Part (c), though, was poorly performed.
- The pass rate in this question was 70%.

2.7 Question 7

- The question tested candidates on their knowledge of the tax administration system in Uganda, and state new innovations to streamline the tax administration by Uganda Revenue Authority and the challenges faced.
- The majority candidates attempted this question and performed very well.
- The pass rate in this question was 80%.