



UNIVERSITY EXAMINATIONS

PART – TIME EXAMINATIONS

EXAMINATION FOR THE AWARD OF THE DEGREE OF BACHELOR OF EDUCATION (ARTS)

LEVEL 1 BLOCK 2

SESSION EXAMINATION 2021/2022

[JULY, 2022]

BUST 422: BUSINESS TAXATION

STREAM: L2 B2

TIME: 2 HOURS

DAY: TUESDAY 8.30 AM – 10.30 AM

DATE: 5/07/2022

INSTRUCTIONS

1. Do not write anything on this question paper

Instructions: Answer Question One and any other TWO questions

INSTRUCTIONS

- 1. Do not write anything on this question paper**
- 2. Instructions: Answer Question One and any other three questions.**

QUESTION ONE

- Define the following terms as used in taxation in Kenya. (10marks)
 - Taxation
 - Tax-audit
 - Tax investigation
 - Taxable income
 - Theory of optimal taxation
- Name and explain 5 major categories of tax in Kenya. (10marks)
- Mr. Njoroge earns a gross salary of Ksh.50, 000 per month. He pays pension contribution to a registered scheme of Ksh.2, 500 per month. He also pays a monthly insurance premium to Jubilee insurance for his son's education. Calculate his monthly PAYE after considering the above information. (10mks)

NB//

- Insurance relief -15%

- Tax relief monthly-1,162

Income tax table

Tax Bracket (sh)	Rate of tax
0- 10165	10%
10165- 19741	15%
19741- 29317	20%
29317- 38893	25%
38893- and above	30%

QUESTION TWO

- The government of every country levies its population taxes because of some specific reasons. Explain 5 objectives of taxation. (10marks)
- In any tax system, taxation should meet certain criteria to be a successful venture. Explain five characteristics of a good tax system. (10marks)

QUESTION THREE

- What is tax investigation? (5marks)
- What is alternative dispute resolution (ADR) in tax disputes? (5marks)
- Tax investigation is very important. Explain 5 importance of tax investigation. (10marks)

QUESTION FOUR

- The government of every country levies its population taxes because of some specific reasons. Explain five objectives of taxation. (10marks)
- Optimal tax system is very important to every Government. Explain 5 principles of optimal tax system design. (10marks)

QUESTION FIVE

- What is tax audit? (2marks)
- Explain five reasons why tax audit is important? (8marks)
- Explain 4 objectives of alternative dispute resolution (ADR) (10marks)