ICPAR
Unlimited possibilities

CERTIFIED PUBLIC ACCOUNTANT FOUNDATION LEVEL 2 EXAMINATIONS

v 2022ICPARNO V

MARKING GUIDES AND MODEL ANSWER

#### RNOV2022ICPAI**QUESTION ONE**) V2022ICPARNO V2022ICPARNO V2022ICPARNO V2022ICPARNO V2022ICPARNO V2022ICPARNO V2022IC

RNOV2022ICPAI**Marking Guide** OV2022ICPARNOV2022ICPARNOV2022ICPARNOV2022ICPARNOV2022ICPARNOV2022ICPARNOV2022IC

Question	P <b>Details</b> 20221CPARNOV20221CPARNOV20221CPARNOV202 PARNOV20221CPARNOV20221CPARNOV20221CPARNOV202	Marks	Total Marks
022ICP/ J <mark>a</mark> NOV2022IC 022ICP/ RNOV2022IC	Award 1 mark each point explained regarding to taxation period as far as VAT is concerned, Max. 3	2ICPARNOV202 2ICPARNOV202	2ICPARNOV2022 2ICPARNOV2022I
022ICPARNOV2022IC	Input VAT	2ICPARNOV202	2ICPARNOV2022I
.0221CPARNOV2022I0	P.Clothes 022ICPARNOV2022ICPARNOV2022ICPARNOV202	2ICPARNO\ <b>0.5</b> 2	2ICPARNOV2022I
022ICPARNOV2022IC	Agriculture fertilizers	21CPARNO 0.5 <sup>2</sup>	21CPARNOV20221
.0221CPARNOV202210	Processed rice RNOV20221CPARNOV20221CPARNOV202	0.5	2ICPARNOV2022I
022ICPARNOV2022IC	Processed milk in Rwanda PARNOV2022ICPARNOV202	2ICPARNO <b>(0.5</b> 2)	ZICPARNOV 2022I
022ICPARNOV2022IC	Wines and bears	2ICPARNOV202	ZICPARNOV2022I
.022ICPARNOV2022IC	PARNOV/0//ICPARNOV/0//ICPARNOV/0//ICPARNOV/0/	21CPARNOV.52 21CPARNO <b>0.5</b> 2	2ICPARNOV2022I
.0221CPARNOV202210	Computers and software 2 CPARNOV2022 ICPARNOV202		21CPARNOV202210
0221CPARNOV202210	Telephone expenses V2022ICPARNOV2022ICPARNOV202	2ICPARNO <mark>(0.5</mark> 2) <del>2ICPARNO V 202</del>	PICPARNOV2022R
.022ICPARNOV2022I	Electricity ICPARNOV2022ICPARNOV2022ICPARNOV202	2ICPARNO 0.52	ZICPARNOV2022IO
022ICPARNOV2022I	P <b>Fuel</b> dV2022ICPARNOV2022ICPARNOV2022ICPARNOV202	21CPARNO\ <b>0.5</b> 2	2ICPARNOV2022I
022ICPARNOV2022IC	Minerals from local market PARNOV2022ICPARNOV202	2ICPARNO 0.52	2ICPARNOV2022IO
.0221CPARNO V202210	Watches	21CPARNOV $202$	ZICPARNOV 2022IO ZICPARNOV 2022IO
022ICPARNOV2022IC	School books ARNOV2022ICPARNOV2022ICPARNOV202	2ICPARNO <b>0.5</b> 2	2ICPARNOV2022IC
022ICPARNOV2022IC	Credit note CPARNOV2022ICPARNOV2022ICPARNOV202	2ICPARNO 0.52	ZICPARNOV2022IO
022ICPARNOV2022IC	Output (VAT) ARNOV2022ICPARNOV2022ICPARNOV202 Output (VAT) ARNOV2022ICPARNOV2022ICPARNOV202	2ICPARNOV202	2ICPARNOV2022I
.0221CPAR <mark>b</mark> NOV202210	Clothes 022ICPARNOV2022ICPARNOV2022ICPARNOV202	21CPARNOV202 21CPARNOV <b>0:5</b> 2	21CPARNO V 202210
.022ICPARNOV2022I		21CPARNO 0.52 21CPARNO 0.52	2ICPARNOV2022I
.0221CPARNOV202210	Agriculture fertilizers	2ICPARNOV202	PICPARNOV202216
022ICPARNOV2022IC	Processed riceARNOV2022ICPARNOV2022ICPARNOV202	$2ICPARNO 0.5_2$	2ICPARNOV2022IC
.022ICPARNOV2022IC	Processed milk in Rwanda PARNOV2022ICPARNOV202	2ICPARNO 02.52	2ICPARNOV2022IC
.0221CPARNO V 202210 .0221CPARNO V 202210	Wines and bears	DICPARNO 0.5	21CPARNO V 202210 21CPA R NO V 202210
0221CPARNOV2022IC	Computers and software 21CPARNOV20221CPARNOV202	21CPARNO <b>0.5</b> 2	2ICPARNOV2022IC
022ICPARNOV2022I	Supply of Minerals to the central bank 21 CPARNOV202	2ICPARNO 0.52	2ICPARNOV2022I
022ICPARNOV2022I0	Watches	2ICPARNOV202	2ICPARNOV2022I
0221CPARNOV2022IC	School books ARNOV2022ICPARNOV2022ICPARNOV202	21CPARNO (0:52 21CPARNO (0:52	21CPARNOV2022IO
:0221CPARNOV202210 :0221CPARNOV202210	THE TENED THE TENED TO THE TENE	2ICPARNO (0.52)	21CPARNOV202210
022ICPARNOV2022I	TO A D NO WOOD OF A D NO WOOD OF A D NO WOOD OF A D NO WOOD	DADA DATO MADA	ZICPARNOV2022IG
022ICPARNOV2022IC	Unrecorded sales	21CPARNO V.52 21CPARNO V.52	2ICPARNOV2022I
022ICPARNOV2022IC	P.Bad debt221CPARNOV20221CPARNOV20221CPARNOV202	2ICPARNO 0.52	2ICPARNOV2022IC
0221CPARNOV2022IC	Computing Proportionate VAT with workings 0.5	2ICPARNOV2¶2	ZICPARNOV2022IO
022ICPARNOV2022IC	Marks, Max 1 Marks	2ICPARNOV202	EICPARNOV202216
022ICPARNOV2022IC	Computing the VAT Payable 0.5 marks Max	$2ICPARNO 0.5_2$	2ICPARNOV2022IO
022ICPARNOV2022IC	P <b>Total</b> V2022ICPARNOV2022ICPARNOV2022ICPARNOV202	2ICPARNOV202	2ICPARNOV202 <b>14</b>
022ICPARNOV2022IC	Condition to claim input VAT on Pre-	2ICPARNOV202	2ICPARNOV2022IO
.0221CPARNOV2022I0	PARNOV2022ICPARNOV2022ICPARNOV2022ICPARNOV202 registration	ZICPARNOV202	ZICPARNOV2022I
022ICPARNOV2022IC	Each point explained 1 mark, Max, 3 marks RNOV202	2ICPARNOV202	2ICPARNOV20221 2ICPARNOV2022 <b>3</b>
022ICPARNOV2022IC	Total Marks ARNOV2022ICPARNOV2022ICPARNOV202	2ICPARNOV202	2ICPARNOV202 <b>20</b>

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RNOV2022ICPAI<mark>F2.4</mark>/2022ICPARNOV2022ICPARNOV2022ICPARNOV2022ICPARNOV2022ICPARNOV2022ICI**page2/6f-19**CPARNOV2022IC RNOV2022ICPARNOV2022ICPARNOV2022ICPARNOV2022ICPARNOV2022ICPARNOV2022ICPARNOV2022ICPARNOV2022ICPARNOV2022ICPARNOV2022IC

#### Model Answer

(a)

#### **Taxation Period**

The taxation period for the supply of goods and services is the earliest of one of the following:

- i. The date on which the invoice is issued;
- ii. The date on which payment of goods and services, including a partial payment is made. However, this Paragraph does not concern the advance payment made to the constructors who later reimburse it by deducting it from the invoices presented to the client;
- iii. The date on which goods are either removed from the premises of the supplier or when they are given to the recipient.

**(b)** 

## **Input Value Added Tax**

Items 0221CPARNO V20221CPA RNO V20221CPARNO V20221CPA	Exempted	Zero rated	Standard CPARN rated	Input VAT (18/118)
RNOV2022ICPARNOV2022ICPA	R <b>FRW</b> 022ICPAR	FRW <sub>22ICP</sub>	FRW <sub>2022</sub> ICPARN	FRWICPARNOV2022IC
Clothes 22 ICPARNOV 2022 ICPA	RNOV2022ICP <u>a</u> r	NOV2022ICP	25,590,500	DV2022ICPAR3,903,636
Agriculture fertilizers	9,657,800	NOV2022ICP/ NOV2022ICP/	RNOV2022ICPARN	<del>ov 2022ICPARNO v 2022IC</del> DV 2022ICPARNO V 2022IC
Processed rice NOV2022ICPA	RNOV2022ICPAR	NOV2022ICP	RNO 15,821,100	DV2022ICPAR <b>2,413,388</b> 0
Processed milk in Rwanda	8,769,900	NOV2022ICPA	RNOV2022ICPARN	OV 2022ICPARNO V 2022IC
Wines and bears OV2022ICPA	RNOV2022ICPAR	NOV2022ICP/	RNO 12,345,090	DV2022ICPAR <b>1,883,149</b>
Computers and software	21,234,540	NOV2022ICP	RNOV2022ICPARN	OV2022ICPARNOV2022IC
Telephone expenses	RNOV2022ICPAR RNOV2022ICPAR	<del>NOV 2022ICI</del> NOV 2022IC <del>P</del> /	1,675,000*40%	DV20221CPARN102,203
Electricity CPARNO V 2022 ICPA	RNOV2022ICPAR	NOV2022ICP	2,341,800*40%	DV2022ICPARN142,890
Fuel CONTROL OF A RING V 2022 ICPA	3,500,000	NOV2022ICP	RNOV2022ICPARN	OV 2022ICPARNOV 2022IC OV 2022ICPARNOV 2022IC
Minerals from local market	RNOV2022ICPAR	4,870,000	RNOV2022ICPARN	DV2022ICPARNOV2022 <b>0</b> C
Watches TCPARNOV 2022 ICPA	RNOV2022ICPAR	NOV2022ICP	2,400,000	DV2022ICPARN366,102
School books RNOV2022ICPA	3,100,000	NOV2022ICPA	RNOV2022ICPARN RNOV2022ICPARN	DV2022ICPARNOV2022IC DV2022ICPARNOV2022IC
Credit note PARNOV2022ICPA	RNOV2022ICPAR	NOV2022ICPA	RNO (2,340,000)	DV2022ICPAR(356,949)
Input VAT	RNOV2022ICPAR RNOV2022ICPAR	NOV2022ICP/ NOV2022ICP/	RNOV2022ICPARN	8,454,419

#### Proportionate Input VAT=Unportioned Input VAT\*Taxable Sales/Total Sales

Unportioned Input VAT in FRW	Taxable Sales in FRW	Total Sales in FRW	Allowable Input VAT in FRW
ANOV2022ICPARNOV2022ICPAR	B <sub>V2022</sub> ICPARNOV20	24CPARNOV2022ICI	D=A*(B/C) PARNOV2022IC
18,454,419 CPARNO V2022 ICPAR	N82,100,000ARNOV20	139,611,900)22101	/4,971,695/1CPARNOV2022IC

 $F_{2.4}$ /20221CPAKNO $^{\circ}$ 20221CPAKNO $^{\circ}$ 20221CPAKNO

#### **Output Value Added Tax**

Items RNOV2022ICPARNOV2022ICPA	Exempted	Zero rated	Standard rated	<b>Total Sales</b>	Output VAT=Stan
RNOV2022ICPARNOV2022ICPA RNOV2022ICPARNOV2022ICPA RNOV2022ICPARNOV2022ICPA	RNOV2022ICPAI RNOV2022ICPAI RNOV2022ICPAI	RNOV202 RNOV202 RNOV202	2ICPARNOV2022 2ICPARNOV2022 2ICPARNOV2022	CPARNOV2022IC CPARNOV2022IC	dard v202210 rated*18%
RNOV2022ICPARNOV2022ICPA	R <b>FRW</b> 022ICPAI	FRW <sup>2</sup>	2 <b>FRW</b> NOV2022	<b>FRW</b> OV2022IO	<b>FRW</b> V2022IC
Clothes	<del>rnov2022icpa</del> j Rnov2022icpaj	<del>rnov202</del> Rnov202	19,870,000	19,870,000	3,576,600
Agriculture fertilizers 22ICPA	RN12,450,000	RNOV202	2ICPARNOV20221	CPA12,450,000	PARNOV2022IC
Processed rice	RNOV2022ICPAI	RNOV202 RNOV202	34,500,000	34,500,000	6,210,000
Processed milk in Rwanda	11,450,900	RNOV2 <del>0</del> 2	2ICPARNOV20221	CPA11,450,900	PARNOV2022K
Wines and bears	RNOV2022ICPAI	RNOV2 <u>0</u> 2	19,900,000	19,900,000	3,582,000
Computers and software	20,760,500	RNOV2 <del>02</del> RNOV2 <del>0</del> 2	2ICPARNOV2022 2ICPARNOV2022	20,760,500	PARNOV2022IC
Supply of Minerals to the central bank	RNOV2022ICPA	RNOV202 RNOV202	2ICPARNOV20221 2ICPARNOV20221	CP 10,450,000 CPARNO V 2022I	PARNOV2022IC Parnov2022IC
Watches	RNOV2022ICPAI RNOV2022ICPAI	RNOV202 RNOV202	8,500,000	8,500,000	1,530,000
School books RNOV2022ICPA	RN 2,400,500	RNOV2 <del>0</del> 2	2ICPARNOV202-21	CPA 2,400,500	PARNOV2022FC
Debit note PARNOV2022ICPA	RNOV2022ICPAI	RNOV202	(5,450,000)	(5,450,000)	(981,000)
Unrecorded sales V2022ICPA	RNOV2022ICPAI	RNOV202	8,780,000	CPA 8,780,000	PAR1,580,400
Bad debt ICPARNOV2022ICPA	RNOV2022ICPAI	RNOV202	(4,000,000)	(4,000,000)	(720,000)
Total <sub>20221CPARNOV20221CPA</sub>	57,511,900	RNOV2 <del>02</del> RNOV2 <del>0</del> 2	82,100,000	139,611,900	14,778,000

## **VAT Payable = Output VAT – Input VAT**

= FRW 14, 778,000 - FRW 4,971,695 = FRW 9,806,305

**(c)** 

# PA goods:

- (a) The goods were acquired for the purpose of the business which either was carried on or was to be carried on by him at the time of supply.
- (b) The goods have not been supplied onwards or consumed before the date of registration (although they may have been used to make other goods which are still held).
- (c) The VAT must have been incurred in the four years prior to the date of registration.

# Circumstances where the taxpayer may be allowed to claim pre-Registration Input Tax on PA Services:

- (a) The services were supplied for the purposes of a business which either was carried on or was to be carried on by him at the time of supply.
- (b) The services were supplied within the six months prior to the date of registration.

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#### RNOV20221CPAI**QUESTION<sup>a</sup>two** v20221CParno v20221CParno v20221CParno v20221CParno v20221CParno v20221CParno v20221C

## RNOV2022ICPAI**Marking Guide**OV2022ICPARNOV2022ICPARNOV2022ICPARNOV2022ICPARNOV2022ICPARNOV2022ICPARNOV2022ICPARNOV2022IC

Question	<b>Description</b> CPARNOV2022ICPARNOV202ICPARNOV202ICPARNOV202ICPARNOV202ICPARNOV202ICPARNOV202ICPARNOV202ICPARNOV202ICPARNOV202ICPARNOV202ICPARNOV202ICPARNOV202ICPARNOV202ICPARNOV202ICPARNOV202ICPARNOV202ICPARNOV2	Marks	<b>Total Marks</b>
(a) 0V2022I	Computation of taxable income and tax payable 2022ICPAI	NOV 2022	ICPARNOV2022I
RNOV2022I	Profit before tax RNOV2022ICPARNOV2022ICPARNOV2022ICPAR	.NOV <b>0.5</b> 2	ICPARNOV2022I
RNOV2022I	Add back non allowable expenses:	NOV2022	ICPARNOV2022I
RNOV20221	Withholding tax RNOV20221CPARN	$0.5^{\circ}$	ICPARNOV 20221 ICPARNOV 20221
RNOV2022I	PVAT on imports NOV2022ICPARNOV2022ICPARNOV2022ICPA	NOV <b>0.5</b> 2	ICPARNOV2022I
RNOV2022I	Construction steel boards CPARNOV2022ICPARNOV2022ICPAR	NOV 0.52	ICPARNOV2022I
RNOV2022I	Purchase of delivery Van	0.5	CPARNOV2022I
RNO V 20221 RNO V 20221	PBad debt)221CPARNOV20221CPARNOV20221CPARNOV20221CPA	0.52	CPARNOV2022I
RNOV2022I	PInterest (50%*12,000) <sup>022ICPARNOV202ICPARNOV202ICPARNOV202ICPARNOV202ICPARNOV202ICPARNOV202ICPARNOV202ICPARNOV202ICPARNOV202ICPARNOV202ICPARNOV202ICPARNOV202ICPARNOV202ICPARNOV202ICPARNOV202ICPARNOV202ICPARNOV</sup>	200 V 302 2	ICPARNOV2022I
RNOV2022I	Communication (20%*6,500)		CPARNOV20221
RNOV2022I	Medical contribution 2022 CPARNOV2022 CPARNOV202 CP	0.5	ICPARNOV2022I
RNOV20221	PPAYEV2022ICPARNOV202ICPARNOV202ICPARNOV202ICPARNOV202ICPARNOV202ICPARNOV202ICPARNOV202ICPARNOV202ICPARNOV202ICPARNOV202ICPARNOV202ICPARNOV202ICPARNOV202ICPARNOV202ICPARNOV202ICPARNOV202ICPARNOV202ICPARNOV202ICPARNOV202ICP	NOV <b>0.5</b> 2	ICPARNOV2022I ICPARNOV2022I
RNOV2022I	Pension contribution 2022 CPARNOV 2022 CPARN	0.5	ICPARNOV2022I
RNOV2022I	Less overstated closing stock (10/90*150,000)	NOV2022	ICPARNOV2022I
RNO V 20221) RNO V 20221	Less non allowable incomes ARNOV2022ICPARNOV202ICPARNOV202ICPARNOV202ICPARNOV202ICPARNOV20	(NOV20 <del>1</del> 2 (NOV2022	ICPARNOV20221 ICPARNOV20221
RNOV2022I	Dividend from local company RNOV2022ICPARNOV2022ICPAR	NOV2022	ICPARNOV2022I
RNOV2022I	Less Interest income	0.5	ICPARNOV2022I
RNOV20221	Trading income RNOV2022ICPARNOV202ICPARNOV202ICPARNOV202ICPARNOV202ICPARNOV202ICPARNOV202ICPARNOV202ICPARNOV202ICPARNOV202ICPARNOV202ICPARNOV202ICPARNOV202ICPARNOV202ICPARNOV202ICPARNOV202ICPARNOV202ICPARNOV202ICPARNOV202ICPARNOV202IC	. NOV2022	ICPARNOV2022L ICPARNOV2022L
RNO V 2022I	Add back allowable interest income: (50,000*100/95)	NOV2022	ICPARNOV2022I
RNOV2022I	Business income	.NOV2022	CPARNOV2022I
RNOV2022I	Less Capital allowances W1parnov2022[cparnov2022[cparnov2022]	0.52	CPARNOV2022L
RNO V 20221 RNO V 20221	Taxable income Provide	NOV2022	CPARNOV2022I
RNOV2022I	Corporate income tax 30%	NOV2022	ICPARNOV20221
RNOV2022I	Less WHT on imports 2221CPARNOV20221CPARNO	0.5	CPARNOV2022I
RNO V 20221) RNO V 20221	Less WHT on Interest (5%*52,632)	NOV20 <b>1</b> 2	ICPARNOV20221 ICPARNOV20221
RNOV2022I	Total	NOV2132	ICPARNOV2022I
RNOV2022I	HARNO V2022ICPARNO V2022ICPARNO V2022ICPARNO V2022ICPAI		CPARNOV20221
RNOV2022I RNOV2022I	Working on capital allowance 0.5 Mark each, Max 3 Marks	NOV2022 NOV20 <b>3</b> 2	ICPARNOV2022I ICPARNOV2022I
RNO V 2022I	PARNOV2022ICPARNOV202ICPARNO	NOV2022	ICPARNOV2022I
RNOV2022I RNOV2022I	Total v20221cparnov20221cparnov20221cparnov20221cpar	NOV2022 NOV2022	CPARNOV202 10-parnov202 <b>16</b>
<b>(b)</b> )V2022I	Explaining the conditions for bad debt to be allowed. Each	NOV2022	ICPARNOV2022I
RNOV2022I	point 1 Mark explained. Max 4 Marks and there are 4	NOV2022	ICPARNOV2022I
RNOV2022I	conditions	NOV2022	ICPARNOV 2022 ICPARNOV 2022 ICPARNOV 2022

RNOV2022ICPAI**F2.4**V2022ICPARNOV2022ICPARNOV2022ICPARNOV2022ICPARNOV2022ICPARNOV2022ICI**Page 5 of 19**CPARNOV2022IC RNOV2022ICPARNOV202

#### RNOV2022ICPAI<mark>Model Answer</mark>nov2022ICParnov2022ICParnov2022ICParnov2022ICParnov2022ICParnov2022ICParnov2022ICParnov

RNOV2022ICPAR<mark>aj</mark>) V2022ICPARNOV2022ICPARNOV2022ICPARNOV2022ICPARNOV2022ICPARNOV2022ICPARNOV2022ICPARNOV2022ICPARNOV2022IC RNOV2022ICPARNOV202ICPARNOV202ICPARNOV202ICPARNOV202ICPARNOV202ICPARNOV202ICPARNOV202ICPARNOV202ICPARNOV202ICPARNOV202ICPARNOV202ICPARNOV202ICPARNOV202ICPARNOV202ICPA

# RNOV2022ICPA Rubavu Steel Rolling Mills limited Computation of Taxable income and corporate income PARNOV2022ICPARNOV202ICPARNOV202ICPARNOV202ICPARNOV202ICPARNOV202ICPARNOV202ICPARNOV202ICPARNOV202ICPARNOV202ICPARNOV202ICPARNOV202ICPARNOV202ICPARNOV202ICPARNOV202ICPARNOV202ICPARNOV202ICPARNOV2

Details 221CPARNOV2022ICPARNOV202ICPARN	RNOV2022ICPARNOV2022ICP <b>frv</b>
Profit before tax OV20221CPARN	IKNOV 2022ICPARNOV 2022ICPARNO KNOV 2022ICPARNOV 2022ICPARNO
Add back non allowable expenses 221CPARNOV2022ICPARNOV	RNOV2022ICPARNOV2022ICPARNO
Withholding tax	AKNO V 2022I CPAKNO V 2022I CPAKNO KRNO V 2022I CPARNO V 2022I CPARNO
VAT on imports OV2022ICPARNOV2022ICPARNOV2022ICPA	RNOV2022ICPARNOV2022ICPARNO
Construction steel boards PARNOV2022ICPARNOV202ICPARN	ARNO V 2022I CPARNO V 2022I CPARNO RNO V 2022I CPARNO V 2022I CPARNO
Purchase of delivery Van PARNOV2022ICPARNOV202ICPARNOV202ICPARNOV202ICPARNOV202ICPARNOV202ICPARNOV202ICPARNOV202ICPARNOV202ICPARNOV202ICPARNOV202ICPARNOV202ICPARN	RNOV2022ICPARNOV2022ICPARNO
Bad debt 1CPARNOV2022ICPARNOV202ICPARNOV202ICPARNOV202ICPARNOV202ICPARNOV202ICPARNOV202ICPARNOV202ICPARNOV202ICPARNOV202ICPARNOV202ICPARNOV202ICPARNOV202ICPARNOV202ICPARNOV202ICPARNOV202ICPARNOV202I	IRNOV2022ICPARNOV2022ICPARNO RNOV2022ICPARNOV2022ICPARNO
Interest (50%*12,000):21CPARNOV20221CPARNOV20221CPA	RNOV2022ICPARNOV2022ICPARNO
Communication (20%*6,500)	IRNOV2022ICPARNOV2022ICPARNO
Employee's Medical contribution/2022ICPARNOV2022ICPA	ARNOV2022ICPARNOV2022ICPARNO
PAYE 022ICPARNOV202ICPARNOV202ICPARNOV202ICPARNOV202ICPARNOV202ICPARNOV202ICPARNOV202ICPARNOV202ICPARNOV202ICPARNOV202ICPARNOV202ICPARNOV202ICPARNOV202ICPARNOV202ICPARNOV202ICPARNOV202ICPARNOV202ICP	KNOV2022ICPARNOV2022ICPARNO
Employee's Pension contribution V2022ICPARNOV2022ICPA	ARNOV2022ICPARNOV2022ICPARNO
RNOV2022ICPARNOV202ICPARNOV202IC	RNOV2022ICPARNOV2022ICPARNO
Less overstated closing stock (10/90*150,000) V20221CP	ARNOV2022ICPARNOV2022ICPARNO
RNOV2022ICPARNOV202ICPARNO	RNOV2022ICPARNOV2022ICPARN¶
Less non allowable incomes RNOV2022ICPARNOV2022ICPA	ARNOV 2022ICPARNOV 2022ICPARNO ARNOV 2022ICPARNOV 2022ICPARNO
Dividend from local company NOV2022ICPARNOV2022ICPA	RNOV2022ICPARNOV2022ICPARN
RNOV20221CPARNOV20221CPARNOV20221CPARNOV20221CPARNOV20221CPA	ARNOV 2022ICPARNOV 2022ICPARNO ARNOV 2022ICPARNOV 2022ICPARNO
Less Interest income 22ICPARNOV202ICPARNOV202ICPA	ARNOV2022ICPARNOV2022ICPARN
Trading income V20221CPARNOV20	MINOV 2022I CPARNOV 2022I CPARNO MRNOV 2022I CPARNOV 2022I CPARNO
Add back allowable interest income (50,000*100/95)	RNOV2022ICPARNOV2022ICPARNO
Business income	AKNOV 2022 I CPARNOV 2022 I CPARNO ARNOV 2022 I CPARNOV 2022 I CPARNO
Less Capital allowances W1RNOV2022ICPARNOV2022ICPA	KNOV2022ICPARNOV2022ICPARM
Taxable income before tax	ARNO V 2022I CPARNO V 2022I CPARNO ARNO V 2022I CPARNO V 2022I CPARNO
Corporate income tax 30% NOV2022ICPARNOV2022ICPA	KNOV2022ICPARNOV2022ICPAI <b>(17</b>
Less WHT on imports 21CPARNOV20221CPARNOV2	ARNO V2022ICPARNO V2022ICPARNO RNO V2022ICPARNO V2022ICPARNO
Less WHT on Interest (5%*52,632) 221CPARNOV20221CPA	ARNOV2022ICPARNOV2022ICPARNO
Net profit after Tax	KNOV2022ICPARNOV2022ICPARNO

RNOV2022ICPAI<mark>F2.4</mark>V2022ICPARNOV2022ICPARNOV2022ICPARNOV2022ICPARNOV2022ICPARNOV2022ICP<mark>Page 6'0f-19</mark>CPARNOV2022IC RNOV2022ICPARNOV2022ICPARNOV2022ICPARNOV2022ICPARNOV2022ICPARNOV2022ICPARNOV2022ICPARNOV2022ICPARNOV2022ICPARNOV20

W1 Capital allowar	nces-Method 2	022ICPARNOV202	2ICPARNOV2022ICP	ARNOV2022ICP	ARNOV2022I
Capital allowance	022ICPARNOV2	022ICPARNOV202	21CPARNOV2022ICP. 21CPARNOV2022ICP.	ARNOV2022ICP	RNOV20221
RNOV2022ICPARNOV2 RNOV2022ICPARNOV2 RNOV2022ICPARNOV2	Building (FRW 000)	Heavy NOV202 machines (FRW 000)	Compute and Computers (FRW 000)	other assets (FRW 000)	Total (FRW 000)
Cost/NBV <sub>CPARNOV</sub>	0221 220,000	0221CPA120,000	21CPARNOV12,000p	40,000	RNOV2022I
Additional assets	022ICPARNOV2	022ICPARNOV202	21CPARNOV2 <b>8,000</b> P	ARNOV50,000	RNOV2022I
Dep. Base on accelerated dep. @50%	0221CPARNOV2 0221CPARNOV2 0221CPARNOV2	022ICPARNOV202 022ICPARNOV202 022ICPARNOV202 022ICPARNOV202	21CPARNOV2022ICP 21CPARNOV2022ICP 21CPARNOV2022ICP 21CPARNOV2022ICP	ARNOV2022ICPARNOV2022ICPA	ARNOV2022I ARNOV2022I ARNOV2022I ARNOV2022I
Accelerated Dep.	022ICPARNOV2	022ICPARNOV202	2ICPARNOV2022ICP	RNOV25,000	ZN 25,000
Dep base for Normal dep.	0221CPARNOV2	0221CPARNOV202	21CPARNOV20,000 21CPARNOV20221CP	ARNOV2022ICP	(RNOV20221) (RNOV20221) (RNOV20221)
Dep rate <sup>2</sup> ICPARNOV2	022ICPARN <b>5%</b> /2	0221CPARNO <b>5%</b> 2	2ICPARNOV20 <b>50</b> %P	ARNOV20 <b>25%</b> PA	RNOV2022I
Depreciation	11,000	6,000	10,000	16,250	43,250
Total 022ICPARNOV2	022ICPARNOV2	2022ICPARNOV202	2ICPARNOV2022ICP	ARNOV2022ICP	RN068,250

#### (b) Conditions for bad debt

- ICPAILO If an amount corresponding to the debt was previously included in the income of the PARTO taxpayer; RNOV2022ICPARNOV202ICPARNOV202ICPARNOV202ICPARNOV202ICPARNOV202ICPARNOV202ICPARNOV202ICPARNOV202ICPARNOV202ICPARNOV202ICPARNOV202ICPARNOV202ICPARNOV202ICPARNOV202ICPARNOV202ICPARNOV202IC
  - pa ii. If the debt is written off in the books of accounts of the taxpayer; parnov20221C parnov20221C
  - iii. If the taxpayer has taken all possible steps in pursuing payment and has shown a court decision declaring the insolvency of his/her debtor.
  - PARNO considered, the taxpayer must provide proof that he has taken all reasonable steps over a period of three (3) years to recover the debt.

#### **QUESTION THREE**

#### **Marking Guide**

Questio	<b>Description</b> CPARNOV2022ICPARNOV2022ICPARNOV2022ICPARNOV2022ICPAR	Mark	Total
( <b>n</b> vov2022)	CPARNOV2022ICPARNOV2022ICPARNOV2022ICPARNOV2022ICPAR	√ <b>S</b> )√20221	Marks
ARNOV20221	Reasons for having multiple tax system in Rwanda 2022ICPAR	NOV2022I	CPARNOV2022IC
ARNOV20221 ARNOV20221	Each point is 2 Marks well explained with a Max of 8  Marks	NOV202 <b>8</b> 1 NOV20221 NOV20221	CPARNOV2022IC CPARNOV2022IC
ARNOV20221	ci <b>Total</b> v2022icparnov2022icparnov2022icpar	VOV 20221 VOV 20221	CPARNOV2022 <b>8</b> C
RNOV2022	Explaining the qualities of a good tax system RNOV2022ICPAR	NOV2022I	CPARNOV2022IC
( <b>b</b> ) <sub>0</sub> V20221	Each explained point is 1.5 marks with a Max of (12 marks)	12 12	CPARNOV2022IC
ARINO V 20221 ARNO V 20221	Total V20221CPARNOV20221CPARNOV20221CPARNOV20221CPARNOV20221CPAR	NOV 20221 NOV 20221	CPARNOV202
ARNOV2022I	(Total Marks: Parnov20221CPARNOV20221CPARNOV20221CPAR	NOV2022I	CPARNOV202 <b>20</b> C

F2.4 2022ICPARNO V2022ICPARNO V

#### Model Answer

(a)

### Reasons for having multiple taxes in Rwanda taxation system:

- 1. **Revenue predictability:** To enable them have a high degree of confidence in the tax revenue figure used in the budget.
- 2. **Revenue stability:** Government needs some assurance that tax revenues will be stable enough to fund required spending. E.g., during economic recession with unemployment, government collect less income tax, if government collect other taxes that are not adversely affected by unemployment, it will collect more stable revenues.
- 3. **Taxpayer considerations**: It helps to ensure some degree of equity in the overall tax system. Horizontal and vertical equity. Another concept is that all who benefit from government services should contribute something toward the costs of government operations.
- 4. **Economic considerations:** decision in business between investments and spending, this would encourage earning and saving less, which would hurt the economy. Thus, the government tends to rely on income and consumption tax.

(b)

## **Canon of Equity**

This canon stresses that there should be social justice in the allocation of tax burden; normally taxation imposes a burden upon taxpayers. This entails money burden and real burden of taxation which may be direct and/or indirect. The direct money burden of taxation refers to the amount of money that people have to pay as taxes to the government

#### **Canon of Certainty**

The tax which an individual has to pay should be certain and not arbitrary. The time of payment, the manner of payment and the amount to be paid, ought to be clear, plain and simple to the contributor, and to every other person

#### Canon of Convenience

Every tax ought to be levied at the time or in the manner in which it is most likely to be convenient for the contributor to pay it. E.g., VAT is payable on the 15<sup>th</sup> of every month which is convenient to all taxpayers.

#### Canon of Economy

This principle suggests that the cost of collecting a tax should not be exorbitant but the minimum. Also, there should be economy in sacrifice involved in the payment of tax by taxpayer. Generally, it supports the principle of minimum aggregate sacrifice in taxation.

#### Canon of Productivity

This principle states that the tax collected should yield enough revenue for the government but at the same time it should not distort production. The productivity of tax may be observed in two ways

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#### **Canon of Diversity**

The burden of taxation should be widely distributed on the entire economy without causing much harm to anyone. There has been a controversy over the comparative advantages of single tax and multiple tax systems

#### **Canon of Simplicity**

The tax should be easily understood by the taxpayer in its nature, aims, and time of payment, methods and basis of taxation.

#### **Canon of Coordination**

In democratic countries like Rwanda, taxes are imposed by the central and the local povernments; it is therefore desirable that there should be coordination between different tax authorities.

#### **QUESTION FOUR**

### Marking Guide

Question	Description CPARNOV2022ICPARNOV2022ICPARNOV2022ICPAR	Marks	<b>Total Marks</b>
ARNOV2022I	Explaining the special tax incentives 2022ICPARNOV2022ICPAR	NOV2022I	CPARNOV2022IC
(a) V2022I	Each point is 2 marks explained with examples max (10)	NOV20 <b>10</b> I	CPARNOV2022IC
ARNOV202210	Total V2022ICPARNOV2022ICPARNOV2022ICPARNOV2022ICPAR	NOV2022I	CPARNOV202 <b>10</b>
ARNOV202210 ARNOV202210	Computing the customs tax PARNOV20221CPARNOV20221CPAR	NOV 20221 NOV 20221	CPARNOV 2022IC
4RNOV2022I	Computing the CIFOV2022ICPARNOV2022ICPARNOV2022ICPAR	NOV202 <b>2</b> 1	CPARNOV2022IC
ARNOV2022I	Computing the import duty CPARNOV2022ICPARNOV2022ICPAR	NOV202 <b>2</b> 1	CPARNOV2022IC
<b>(b)</b>	Computing the excise tax	NUV 2022 NOV 202 <b>2</b> 1	CPARNOV 2022IC
ARNOV2022IO	Computing WHT NOV2022ICPARNOV2022ICPARNOV2022ICPAR	NOV202 <b>1</b> 1	CPARNOV2022IC
ARNOV2022I	Computing the VAT V2022ICPARNOV2022ICPARNOV2022ICPAR	NOV202 <b>2</b> I	CPARNOV2022IC
ARNOV2022I	Computing the total customs tax	NOV 2022 1000 202	CPARNOV2022IC
ARNOV2022I	Total v2022icparnov2022icparnov2022icparnov2022icpar	NOV2022I	CPARNOV202 <b>10</b> C
ARNOV2022I0	Total Marks PARNOV2022ICPARNOV2022ICPARNOV2022ICPAR	NOV2022I	CPARNOV202 <b>20</b> C

#### Model Answer

(a)

#### i. Preferential Corporate Income Tax Rate of Zero Percent (0%). PARNOV2022ICPA

An international company which has its headquarters or regional office in Rwanda is entitled to a preferential corporate income tax rate of zero percent (0%) if it fulfils the following requirements:

- 1) To invest the equivalent of at least ten million United States Dollars (USD 10,000,000), in both tangible and intangible assets, in Rwanda; V2022ICPARNOV202ICPARNOV202IC
- 2) To provide employment and training to Rwandans;

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- 3) To conduct international financial transactions equivalent to at least five million United States Dollars (USD 5,000,000) a year for commercial operations through a licensed commercial bank in Rwanda;
- 4) To be well established in the sector within which it operates;
- 5) To use the equivalent of at least two million United States Dollars (USD 2,000,000) per year in Rwanda;
- 6) To set up actual and effective administration and coordination of operations in Rwanda and perform at least three (3) of the following services in Rwanda:
- a) Procurement of raw materials, components or finished products;
- b) Market control and sales promotion planning;
- c) Information and data management services;
- d) Treasury management services;
- e) Research and development work;
- f) Training and personnel management.

## ii. Preferential Corporate Income Tax Rate of Fifteen Percent (15%)

A preferential corporate income tax rate of fifteen percent (15%) is accorded to:

- 1. A registered investor, exporting at least fifty percent (50%) of turnover of goods and services produced in Rwanda, including business processing outsourcing. This incentive excludes unprocessed minerals, tea and coffee without value addition according to the provisions of this Law.
- 2. A registered investor undertaking one of the following operations: energy generation, transmission and distribution from peat, solar, geothermal, hydro, biomass, methane and wind. This incentive excludes an investor having an engineering procurement contract executed on behalf of the Government of Rwanda;
- 3. A registered investor in the sector of transport of goods and related activities whose business RNO is operating a fleet of at least five (5) trucks registered in the investor's name, each with a capacity of at least twenty (20) tons. PARNOV2022ICPARNOV202ICPARNOV202ICPARNOV202ICPARNOV202ICPARNOV202ICPARNOV202ICPARNOV202ICPARNOV202ICPARNOV202ICPARNOV202ICPARNOV202ICPARNOV202ICPARNOV202ICPARNOV202ICPARNOV202ICPARNOV202IC
- 4. A registered investor operating in mass transportation of passengers and goods with a fleet of at least ten (10) buses registered in the investor's name, each with a capacity of at least twenty-five (25) seats; ARNOV2022ICPARNOV202ICPARNOV202ICPARNOV202ICPARNOV202ICPARNOV202ICPARNOV202ICPARNOV202ICPARNOV202ICPARNOV202ICPARNOV202ICPARNOV202ICPARNOV202ICPARNOV202ICPARNOV202ICPARNOV202ICPARNOV202ICP
- 5. A registered investor in the Information and Communication Technology (ICT) Sector with an investment involving one of the following activities: service, manufacturing or assembly. This incentive excludes ICT retail and wholesale trade as well as ICT repair industries and telecommunications;
- 6. A registered investor operating in the following financial services: global business activities, private equity funds, fund management, wealth management; mutual funds, collective investment schemes, captive insurance schemes, venture capital, and asset backed securities.

 $\mathsf{F2.4}$  20221CPARNO v 20221CPARNO v 20221CPARNO v 20221CPARNO v 20221CPARNO v 20221 $\mathsf{Page} 10$  of 19

This incentive excludes locally oriented fund and wealth management, retail banking and insurance activities.

7.10 An investor registered in building low-cost housing and upon fulfilling the criteria provided RNO under the instructions of the Minister in charge of housing. 2022ICPARNOV202ICPARNOV202ICPARNOV202ICPARNOV202ICPARNOV202ICPARNOV202ICPARNOV202I

## iii. Corporate Income Tax Holiday of Seven Years

A registered investor investing an equivalent of at least fifty million United States Dollars (USD 50,000,000) and contributing at least thirty percent (30%) of this investment in form of equity in the sectors specified below is entitled to a maximum of seven (7) year corporate income tax holiday. The preferred sectors for investment include:

- 1) Energy projects producing at least twenty-five megawatts (25 MW); This incentive excludes an investor having an engineering procurement contract executed on behalf of the Government of Rwanda and fuel produced energy;
- 2) Manufacturing;
- 3) Tourism:
- 4) Health:
- 5) Information and Communication Technology (ICT) Sector with an investment involving manufacturing, assembly and service; This incentive excludes communication, ICT retail and wholesale trade as well as ICT repair companies or enterprises and Telecommunications;
- 6) Export related investment projects;
- 7) An investor registered in another priority economic sector as may be determined by an Order of the Minister in charge of finance.

#### iv. Corporate Income Tax Holiday of up to Five (5) Years V20

Microfinance institutions approved by competent authorities will be entitled to a tax holiday of a period of five years (5 years) from the time of their approval. However, this period may be renewed upon fulfilling conditions prescribed in the Order of the Minister in charge of finance.

## v. Exemption of Customs Tax for Products Used in Export Processing Zones

A registered investor investing in products used in Export Processing Zones shall be exempted from customs taxes and duties according to the provisions of customs rules and regulations of the East African Community.

## vi. Exemption of Capital Gains Tax

A registered investor shall not pay capital gains tax. However, income derived from the sale of a commercial immovable property shall be included in the taxable income of the investor.

## vii. Value Added Tax Refund

The refund of the Value Added Tax paid by investors is made within a period not exceeding fifteen (15) days upon receipt of the relevant documents by the tax administration authority.

F2.4 20221CPARNOimes20221CPARNOimes20221CPARNOimes20221CPARNOimes20221CPARNOimes20221imes2imes

#### 2022ICPAIviii. Immigration Incentives NOV2022ICPARNOV2022ICPARNOV2022ICPARNOV2022ICPARNOV2022ICPARNOV2022

1) A registered investor and his/her dependants shall be issued with a residence permit in accordance with relevant laws.

A registered investor who invests an equivalent of at least two hundred and fifty thousand United States Dollars (USD 250,000) may recruit three (3) foreign employees without necessarily demonstrating that their skills are lacking or insufficient

**(b)** 

Particular Particular	Value in USD	Exchanged rate	Amount FRW
Free on board RNOV202210	parnov20221cp30,000	0221CPARNOV2013010	RNOV2022ICPA30,300,000
Transport CPARNOV2022IC	PARNOV2022ICPA <b>2,500</b> 7	0221CPARNOV20 <b>1;010</b> A	RNOV2022ICPAR <b>2,525,000</b>
Insurance CPARNOV2022IC	PARNOV2022ICPA DARNOV2022ICPA 1,200	0221CPARNOV2021,010	1,212,000
CIF <sub>V2022</sub> iCPARNOV2022IC	PARNOV2022ICP <b>33,700</b>	0221CPARNOV20 <b>13010</b>	RNOV2022ICPA <b>34,037,000</b>
RNOV2022ICPARNOV2022IC	CPARNOV2022ICPARNOV2	2022ICPARNOV2022ICPA	RNOV2022ICPARNOV2022IC
Import duty = (CIF * rate	=(34,037,000*25%)	2022ICPARNO V 2022ICPA 2022ICPARNO V 2022ICPA	8,509,250
Excise tax (CIF+Import	duty) *rate 221CPARNOV2	2022ICPARNOV2022ICPA	RNOV20221CPA <b>42,546,250</b>
Excise tax at 10%	CPARNOV2022ICPARNOV2	2022ICPARNOV2022ICPA	RNOV2022ICPAR <b>4,254,625</b>
WHT (CIF * rate) (34,03°	7,000*5%)	2022ICPARNO V 2022ICPA 2022ICPARNO V 2022ICPA	2NOV20221CPA P1,701,850
VAT = CIF +import duty	+Excise tax + Port char	gesicparnov2022icpa	RNOV2022ICPARNOV2022IC
Port charges = $(50,000*1)$	O)ARNOV2022ICPARNOV2	022ICPARNOV2022ICPA	RNOV2022ICPARN <b>500,000</b>
Custom value for VAT	PARNOV 2022 I CPARNOV 2 PARNOV 2022 I CPARNOV 2	0221CPAKNO V 20221CPA 0221CPARNO V 20221CPA	47,300,875
VAT = (18% *47,300,875	ARNOV2022ICPARNOV2	022ICPARNOV2022ICPA	RNOV2022IC <b>8,514,157.50</b>
Total customs tax to be	paid at customs	022ICPARNOV2022ICPA	23,479,882.50

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#### RNOV2022ICPAI**QUESTION FIVE** V2022ICPARNO V2022ICPARNO V2022ICPARNO V2022ICPARNO V2022ICPARNO V2022ICPARNO V2022IC

### RNOV2022ICPAI**Marking Guide** OV2022ICPARNOV2022ICPARNOV2022ICPARNOV2022ICPARNOV2022ICPARNOV2022ICPARNOV2022ICPARNOV2022IC RNOV2022ICPARNOV2022ICPARNOV2022ICPARNOV2022ICPARNOV2022ICPARNOV2022ICPARNOV2022ICPARNOV2022ICPARNOV2022ICPARNOV2

RNOV2022ICPA	Question	<b>Description</b> CPARNOV2022ICPARNOV2022ICPARNOV2022ICPAR	Marks	Total Marks
RNOV2022ICPA	RNOV202210	Computation of taxable income and tax payable	NOV2022	CPARNOV2022IC
RNOV2022ICPA	RNOV2022I	Computation of cost of the work completed 1 mark Max 1	NOV20 <b>2</b> 2	CPARNOV2022IC
RNOV2022ICPA	RNOV2022I	Computation of percentage of completion 1 mark Max 1	NOV20321	CPARNOV2022IC
RNOV2022ICPA	RNOV2022IO	Computing the taxable income and tax payable	NOV 2022	CPARNOV2022IC
RNOV20221CPA	RNOV202210	Particulars 2 ICPARNOV2022 ICPARNOV202 ICPARN	NOV2022	CPARNOV2022IC
RNOV2022ICPA	RNOV202210		NOV2022	CPARNOV2022IC
RNOV2022ICPA	RNOV2022I	Revenue (12%*300,000,000)	1 1 1 1 1 1 1 1 1 1 1 1 1 1 1 1 1 1 1	CPARNOV2022IC
RNOV2022ICPA	RNOV2022IO	Less allowable expenses	NOV2022	CPARNOV2022IC
RNOV2022ICPA	RNOV2022I	Purchase of raw materials ICPARNOV2022ICPARNOV2022ICPAR	NOV20 <b>1</b> 21	CPARNOV2022IC
RNOV2022ICPA	RNOV2022IO	Salaries and wages OV2022ICPARNOV2022ICPARNOV2022ICPAR	NOV20 <b>4</b> 21	CPARNOV2022IC
RNOV2022ICPA	RNOV2022IO	Utilities Utilities	NOV2022	CPARNOV2022IC
RNOV2022ICPA	RNOV202210	Technical fees W1 0 V20221CPARNOV20221CPAR	NOV2022	CPARNOV2022IC
RNO V 2022I CPA	KNO V 202210		NOV2042	CPARNOV2022IC
RNOV2022ICF	RNOV202210	Communication RNOV2022ICPARNOV202ICPARNOV202ICPARNOV202ICPARNOV202ICPARNOV202ICPARNOV202ICPARNOV202ICPARNOV202ICPARNOV202ICPARNOV202ICPARN	NOV2042	CPARNOV2022IC
RNOV2022ICP/	RNOV2022IO	Fuel 0 2022 ICPARNO V	NOV2022	CPARNOV2022IC
RNOV2022ICPA	RNOV2022IO	Interest W2 CPARNOV2022ICPARNOV2022ICPARNOV2022ICPAR	NOV20 <b>2</b> 2	CPARNOV2022IC
RNOV2022ICPA	RNOV2022I	Marketing 2ICPARNOV2022ICPARNOV2022ICPARNOV2022ICPAF	NOV20 <b>1</b> 21	CPARNOV2022IC
RNOV2022ICPA	RNOV2022IO	Directors' remuneration 221CPARNOV20221CPARNOV20221CPAR	NOV20 <b>3</b> 21	CPARNOV2022IC
RNOV2022ICPA	RNOV2022IO	Total expenses	NOV2022	CPARNOV2022IC
RNOV20221CPA	RNOV202210		NOV2022	CPARNOV2022IC
RNOV2022ICPA	RNOV202210	Business profit Anov2022ICPARNOV2022ICPARNOV2022ICPAR	NOV2022	CPARNOV2022IC
RNOV2022ICF	RNOV202210	Less capital deduction W3 CPARNOV2022ICPAR	NOV 2042	PARNOVZUZZIC
RNOV2022ICPA	RNOV2022I	Taxable business profit	$1_{\mathrm{NOV}_{20}}$	CPARNOV2022IC
RNOV2022ICPA	RNOV2022IO	Working technical fees 022ICPARNOV2022ICPARNOV2022ICPAR	NOV20 <b>2</b> 2	CPARNOV2022IC
RNOV2022ICPA	RNOV2022I	Working on interest V2022ICPARNOV2022ICPARNOV2022ICPAR	NOV20 <b>4</b> 21	CPARNOV2022IC
RNOV2022ICPA	RNOV2022IO	Working on Capital deduction	NOV2022	CPARNOV2022IC
RNOV2022ICP	RNOV2022I	T <b>otal</b> v2022iCPARNOV202iCPARNOV202iCPARNOV202iCPARNOV202iCPARNOV202iCPARNOV202iCPARNOV202iCPARNOV202iCPARNOV202iC	NOV2022	CPARNOV2022IC
KNOV2022ICPA	KNOV2022IC		NOV2022	CPARNOV20216
RNOV2022ICPA	RNOV202210	Explaining the tax loss at the end of contract 2 marks	NOV202	CPARNOV2022IC
RNOV2022ICPA	RNOV202210	Total V2022ICPARNOV202ICPARNOV	NOV2022	CDA DNOWSOSS
RNOV2022ICPA	RNOV202210	Total Marks PARNOV2022ICPARNOV2022ICPARNOV2022ICPAR	NOV2022	CPARNOV20 20

RNOV2022ICPAI<mark>F2.4</mark>V2022ICPARNOV2022ICPARNOV2022ICPARNOV2022ICPARNOV2022ICPARNOV2022IC<mark>Page 13 of 19</mark>CPARNOV2022IC RNOV2022ICPARNOV202ICPARNOV202ICPARNOV202ICPARNOV202ICPARNOV202ICPARNO

PARNOV2022IC

#### RNOV2022ICPAI<mark>Model Answer</mark>nov2022ICParnov2022ICParnov2022ICParnov2022ICParnov2022ICParnov2022ICParnov2022ICParnov

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m RNOV2022ICPAR_{f a}^{f a}}$ OV2022ICPARNOV202ICPARNOV2022ICPARNOV202I

## RNOV2022ICPAIC Computation of taxable income and tax payable V2022ICPARNOV202ICPARNOV202ICPARNOV202ICPARNOV202ICPARNOV202ICPARNOV202ICPARNOV202ICPARNOV202ICPARNOV202ICPARNOV202ICPARNOV202ICPARNOV202ICPARNOV202ICPARNOV202ICPARNOV202ICPARNOV202ICPARNOV202ICPAR

Determining the total cost of the work completed

RNOV2022ICPA	Particulars Parnov 2022 ICPARNOV 2022 ICPARNOV 2 Amounts FRW (000) RNOV 2022 ICPARNOV
RNOV2022ICPA	Purchase of Machines 22ICPARNOV2022ICPARNOV2022ICPARNOV2022ICPARNO 6,700,000 RNOV2022ICPARNOV202ICPA
RNOV2022ICPA	Purchase of Trucks 2022ICPARNOV202
RNOV2022ICPA	Purchase of raw materials 5,800,000
RNOV2022ICPA	Salaries and wages 20221CPARNOV20221CPARNOV20221CPARNOV20221CPARNO 4,654,300 RNOV20221CPAR
RNOV2022ICPA	dutilities 21CPARNOV20221CPARNOV20221CPARNOV20221CPARNOV20221CPARNOV2310,500RNOV20221CPARNOV20221C
RNOV2022ICPA	Technical fees (i) V2022ICPARNOV2022ICPARNOV2022ICPARNOV2022ICPARNOV1,899,900 RNOV2022ICPARNOV2022IC
RNOV2022ICPA RNOV2022ICPA	Communication OV20221CPARNOV20
RNOV2022ICPA	$_{ m i}$ Fuelv20221CPARNOV20221CPARNOV20221CPARNOV20221CPARNOV20221CPARNOV4,430,000RNOV20221CPARNOV2021CPARNOV2021CPARNOV2021CPARNOV2021CPARNOV2021CPARNOV2021CPARNOV2021CPARNOV2021CPARNOV2021CPARNO
RNOV2022ICPA	Interest (ii) PARNOV2022ICPARNOV2022ICPARNOV2022ICPARNOV2022ICPARNO 2,034,090 RNOV2022ICPARNOV2022IC
RNOV2022ICPA	Fines by REMA 20020221CPARNOV2
RNOV2022ICPA RNOV2022ICPA	Marketing parnov20221CParnov20
RNOV2022ICPA	Directors Remuneration CPARNOV2022ICPARNOV2022ICPARNOV2022ICPARNO 1,500,000 RNOV2022ICPARNOV202ICPARN
RNOV2022ICPA	d <mark>Total cost</mark> Parnov20221CParnov20221CParnov20221CParnov20221CParn <b>32,518,790</b> Rnov20221CParnov20221C
RNOV2022ICPA RNOV2022ICPA	Estimated cost Knov20221CPARNOV20221CPARNO

RNOV2022ICPAR Percentage of completion = Cost of the work certified\*100 OV2022ICPARNOV2 RNOV2022ICPARNOV2022ICPARNOV2022ICPAR

**Estimated costs** 

Percentage of completion = 32,518,790\*100 21 12% 0221CPARNOV2022ICPARNOV202ICPARNOV202ICPARNOV202ICPARNOV202ICPARNOV202ICPARNOV202ICPARNOV202ICPARNOV202ICPARNOV202ICPARNOV202ICPARNOV202ICPARNOV202ICPARNOV202ICPARNOV202ICPARNOV202ICPAR

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m RNOV2022ICPARNOV2022ICPARNOV2022ICPAR}$ 

RNOV2022ICPA Computation of the taxable income and tax payable for the ended 31 December 2021 V2022ICPARNOV2022IC

Particulars	Amount FRW (000)
Revenue (12%*300,000,000)	2NOV2022ICPARNOV2022ICPA36,813,725
Less allowable expenses PARNOV2022ICPARNOV2022ICPA	RNOV2022ICPARNOV2022ICPARNOV2022IC
Purchase of raw materials PARNOV2022ICPARNOV2022ICPA	RNOV2022ICPARNOV2022ICP/(5,800,000)
Salaries and wages	(4,654,300)
Utilities (Assumed that all were for business) V2022ICPA	rnov20221cparnov20221cpar <b>(310,500)</b> c
Technical fees W1V2022ICPARNOV2022ICPARNOV2022ICPA	RNOV2022ICPARNOV2022ICPAR(736,275)
Communication (Assumed that all were for business)	(2,300,000)
Fuelv2022ICPARNOV2022ICPARNOV2022ICPARNOV2022ICPA	RNOV2022ICPARNOV2022ICP/(4,430,000)
Interest W2PARNOV2022ICPARNOV2022ICPARNOV2022ICPA	RNOV2022ICPARNOV2022ICP4(1,600,000)
Marketing Marketing	RNOV2022ICPARNOV2022ICPAR (290,000)
Directors' remuneration CPARNOV2022ICPARNOV2022ICPA	RNOV2022ICPARNOV2022ICPA(1,500,000)
Total expenses NOV2022ICPARNOV2022ICPARNOV2022ICPA	RNOV2022ICPARNOV2022ICI <b>(21,621,075)</b> C
Business profit	RNOV2022ICPARNOV2022ICPA <b>15,192,650</b>
Less capital deduction W3	2NOV20221CPARNOV20221CPAR (935,000)

RNOV2022ICPAJ**F2.4**/

Taxable business profit CPARNOV2022ICPARNOV202ICPARNOV202ICPARNOV202ICPARNOV202ICPARNOV202ICPARNOV202ICPARNOV202ICPARNOV202ICPARNOV202ICPARNOV202ICPARNOV202ICPARNOV202ICPARNOV202ICPARNOV202ICPARNOV202ICPARNOV202ICPARNOV202	RNOV2022ICPARNOV2022ICPA <b>14,257,650</b>
Corporate income tax 30%	4,277,295

AIW1 Technical fees 2022ICPARNOV2	2022ICPARNOV2	022ICPARNOV	2022ICPARNOV	2022ICP <b>FRW (000)</b>
ARAmount paid RNOV2022ICPARNOV2	022ICPARNOV2	022ICPARNOV	2022ICPARNOV	<sup>2022ICPAR</sup> 1,899,000
Amount allowed (2%*36,813,725)	.0221CPARNOV2 20221CPARNOV2	0221CPARNOV 0221CPARNOV	2022ICPARNO\ 2022ICPARNO\	736,275

Al <b>W2 Interest</b> arnov20221cparnov20221cparnov20221cparnov20221cparnov20221c	FRW (000)
APAmount paid RNO V2022ICPARNO	2,340,900
Interest allowed (4,000,000*4) *10% (Thin capitalization)	1,600,000

CPARNOV2022ICPARNOV202	2ICPARNOV2	022ICPARNOV2022I0
Amount FRW (000)	Dep Rate	022ICP <b>FRW(000)</b>
6,700,000	ZICPARN5%	335,000
PARNOV20221C1 <b>2,400,000</b> 2	25%	0221CPARN600,000
CPARNOV2022ICPARNOV202	2ICPARNOV2	022ICPARN <b>935,000</b>
	6,700,000	6,700,000

## (b) Loss at the end of the contract

RNOV2022ICPA IT he loss at the end of the long-term contract can be carried forward to offset the future profits or provided it can be carried backward to offset the previously reported profits. ICPARNOV2022ICP

F2.4 $^{\prime}$ 2022ICPARNOV2022ICPARNOV2022ICPARNOV2022ICPARNOV2022ICPARNOV2022ICPm page 15' of 19CPAR

RNOV2022ICPARNOV2022ICPARNOV2022ICPARNOV2022ICPARNOV2022ICPARNOV2022ICPARNOV2022ICPARNOV202

## RNOV2022ICPAI**QUESTION\SIX**)V2022ICPARNOV2022ICPARNOV2022ICPARNOV2022ICPARNOV2022ICPARNOV2022ICPARNOV2022ICPARNOV2022IC

#### RNOV2022ICPAI**Marking Guide** OV2022ICPARNOV2022ICPARNOV2022ICPARNOV2022ICPARNOV2022ICPARNOV2022ICPARNOV2022ICPARNOV2022IC RNOV2022ICPARNOV2022ICPARNOV2022ICPARNOV2022ICPARNOV2022ICPARNOV2022ICPARNOV2022ICPARNOV2022ICPARNOV2022ICPARNOV2

Questi	Computation of capital allowances/Deductions Total
on <sub>0.V202</sub>	icparnov2022icparnov2022icparnov2022icparnov2022icparnov2022icparnov2022icparnov2022icparnov2022icparnov2022icp
ARNOV202	Computation of capital allowances for 2018 ARNOV2022ICPARNOV2022ICPARNOV2022ICP
ARNOV202	Each transaction is 0.5 Mark max 5 OV2022ICPARNOV202ICPARNOV202ICPARNOV202ICPARNOV202ICPARNOV202ICPARNOV202ICPARNOV202ICPARNOV202ICPARNOV202ICPARNOV202ICPARNOV202
ARNOV202	Note: Marks are only awarded to accelerated depreciation and
ARNOV202	depreciation (CPARNOV2022) CPARNOV2022 (CPARNOV2022)
ARNOV202	Computation of Capital allowances for 2019 PARNOV2022ICPARNOV202ICPARNOV202ICPARNOV202ICPARNOV202ICPARNOV202ICPARNOV202ICPARNOV202ICPARNOV202ICPARNOV202ICPARNOV202ICPARNOV202ICPARNOV202ICPARNOV202ICPARNOV202ICPARNOV202ICPARNOV202ICPARNOV202ICPARN
ARNOV202	Each transaction is 0.5 Mark Max 7 OV2022ICPARNOV202ICPARNOV202ICPARNOV202ICPA
ARNOV202 ARNOV202	Note: Marks are awarded to accelerated depreciation, depreciation base and depreciation
ARNOV202	Computation of Capital allowances for 2020 PARNOV2022ICPARNOV202ICPARNOV202ICPARNOV202ICPARNOV202ICPARNOV202ICPARNOV202ICPARNOV202ICPARNOV202ICPARNOV202ICPARNOV202ICPARNOV202ICPARNOV202ICPARNOV202ICPARNOV202ICPARNOV202ICPARNOV202ICPAR
ARNOV202	Each transaction is 0.5 Mark Max 8 OV2022ICPARNOV202ICPARNOV202ICPARNOV202ICPARNOV202ICPARNOV202ICPARNOV202ICPARNOV202ICPARNOV202ICPARNOV202ICPARNOV202ICPARNOV202
ARNOV202 ARNOV202 ARNOV202	Note: Marks are awarded to accelerated depreciation, depreciation base and depreciation
ARNOV202	Total Marks icparnov20221cparnov20221cparnov20221cparnov20221cparnov202220cparnov202020c

#### RNOV2022ICPAI**Model Answer**NOV2022ICPARNOV2022ICPARNOV2022ICPARNOV2022ICPARNOV2022ICPARNOV2022ICPARNOV2022ICPARNOV2022IC

KRNOV 2022ICPARNOV KRNOV 2022ICPARNOV KRNOV 2022ICPARNOV KI <b>Details</b> 22ICPARNOV	2022ICPARI 2022ICPARI <b>Land</b> PARI 2022ICPARI	Buildin P gs 2022ICP	Heavy machine s	ICT Equip 11 years	Comp & Acc	Other PAR assets PAR V2022 I CPAR	Capital allowan ces	
ARNOV2022ICPARNOV ARNOV2022ICPARNOV	FRW ARA (000) PARA	FRW <sup>21CP</sup> (000) <sup>21CP</sup>	FRW <sup>2022</sup> (000) <sup>2022</sup>	FRW V2 (000) V2	FRW (000)	FRWCPAI (000)	FRW <sup>221C</sup> (000) <sup>221C</sup>	
2018, cost	2 <b>800,000</b>	1,500,00	3,000,00	200,000	25,000	350,000	NOV202210 NOV202210 NOV202210	
Acc Dep at 50%	2022ICPARN 2022ICPARN	750,000	1,500,00 RNOV200	100,000	)22ICPARNO )22ICPARNO	175,000	2,525,00 NOV20220	
Dep Base CPARNO	2022ICPARN 2022ICPA <b>0</b> N	1,500,00	3,000,00	100,000	)221C PARNO )221 <b>25,000</b> 0	V20221CPA1 V175,0001	NOV202210 NOV202210	
Dep rate TOPARNON	2022ICPARN	10V202 <b>5</b> %P	rnov5%2	CPAR 10%2	2210 50%	v2022 <b>5</b> %	NOV2022IC	
Depreciation RNOV	2022ICPARN	75,000	R150,000	CP/10,000	22112,500	V2 <b>43,75</b> 0	N247,500	
WDV/NBV 31/12/2018	20221CPARN 2 800,000	675,000	1,350,00	CPARNOV2 CP 90,000	221CPARNO 221 <b>12,500</b> 221CPARNO	V20221CPA1 V131,250 V20221CPA1	.NOV202210 .NOV202210 .NOV202210	
RNOV2022ICPARNOV	(2022ICPARN	IOV2022ICP	ARNOV2022	CPARNOV2	)22ICPARNO	W2022ICPAI	NOV2022IC	
2019 cost/WDV	20221CPARN 2( <b>800,000</b> )	1,500,00	3,000,00	90,000	)221CPARNO )221 <b>12,500</b> 0	131,250	NOV2022IC	
New assets parnor	2022ICPARN	JOV2022ICE JOV2022ICE	ARNOV2022 ARNOV2022	CPARNOV2	25,000	149,000	NOV202210	
Acc Dep 50%	2022ICPAR1	IOV2022ICP	ARNOV2022	CPARNOV2	)22ICPAR <b>()</b> C	V2 <b>74,500</b>	N <b>74,500</b>	
Dep base CPARNO	2022ICPARN 2022ICPA <b>0</b> N	1,500,00	3,000,00	CP 90,000	22 37,500	205,750	NOV202210 NOV202210	
Dep rate TOPARNOV	2022ICPARI	5% 022ICP	5%)V2022	10% 1072	50% ARNO	25% CPAT	NOV2022IC	

RNOV2022ICPAI<mark>F2.4</mark>V2022ICPARNOV2022ICPARNOV2022ICPARNOV2022ICPARNOV2022ICPARNOV2022I**CPage 16 of 19**CPARNOV2022IC RNOV2022ICPARNOV2022ICPARNOV2022ICPARNOV2022ICPARNOV2022ICPARNOV2022ICPARNOV2022ICPARNOV2022ICPARNOV2022ICPARNOV20

RNOV2022ICPA	Depreciation ARNO	[2022]CPAR]	75,000 CP	150,000	9,000 V	<sup>2</sup> 18,750 N	51,438 PAI	304,188	PARNOV2022IC
RNOV2022ICP RNOV2022ICP RNOV2022ICP	WDV 31/12/2019	800,000	600,000	1,200,00 0	81,000	2) <b>18,750</b> NO 2) <b>22</b> ICPARNO	154,313	NOV2022IC Nov2022IC	PARNOV 2022IC PARNOV 2022IC PARNOV 2022IC
RNOV2022ICP RNOV2022ICP RNOV2022ICP	2020 Cost/WDV	20221CPARI 20221CPARI 800,000	1,500,00 0 202210P	3,000,00 1,000,00 1,000,00	81,000	18,750	V2022ICPAI V2022ICPAI 154,313	NOV2022IC Nov2022IC Nov2022IC	PARNOV2022IC Parnov2022IC Parnov2022IC
RNOV2022ICP	New assets	2022ICPARI 2022ICPARI	245,000	300,000	CPARNOV.	2022ICPARNO 2022ICPARNO	V2022ICPAI V2022ICPAI	NOV2022IC	PARNOV2022IO Parnov2022IO
RNOV2022ICP	Acc. Dep 50% NO	(2022ICPAR)	122,500 P	150,0002	CPARNOV:	2022ICPARNO	V2022ICPAI	N <b>272,500</b>	PARNOV2022IO
RNOV2022ICP	Disposal	2022ICPARI	VOV2022ICP	ARNOV2022	CPARNOV:	-6,000	-27,000 A	NOV2022IC	PARNOV2022IC
RNOV2022ICP RNOV2022ICP RNOV2022ICP	Depreciation base	20221CPARI 2 <b>0</b> 221CPARI	1,745,00	3,300,00	81,000	2 12,750 NO	127,313	(NOV20221C (NOV20221C (NOV20221C	PARNOV2022IC PARNOV2022IC PARNOV2022IC
RNOV2022ICP	Depreciation rate	2022ICPARI	1 <b>5%</b> 022ICP	15%)V2022	<b>10%</b> NOV	2) <b>50%</b> ARNO	<b>\25%</b> ICPAI	NOV2022IC	PARNOV2022IC
RNOV2022ICP	Depreciation	2022ICPARI	87,250	165,000	8,100	6,375	31,828	298,553	PARNOV2022IC
RNOV2022ICP RNOV2022ICP RNOV2022ICP	WDV 31/12/2020	800,000	635,250	1,185,00	72,900	2) <b>6,375</b> RNO	95,484	CNOV20221C CNOV2022IC CNOV2022IC	PARNOV2022IC Parnov2022IC Parnov2022IC
RNOV2022ICPA RNOV2022ICPA	Total capital allow	/2022ICPARI v <b>ance</b> CPARI	NOV2022ICP NOV2022ICP	ARNOV2022 Arnov2022	ICPARNOV: ICPARNOV:	2022ICPARNO 2022ICPARNO	OV2022ICPAI OV2022ICPAI	1 <b>3,449,74</b> NOV2022 <b>1</b> C	PARNOV2022IC PARNOV2022IC

## **QUESTION SEVEN**

#### RNOV2022ICPA<u>rn</u>ov2022I<u>C</u>Parnov2022ICParnov2022ICParnov2022ICParnov2022ICParnov2022ICParnov2022ICParnov2022ICParnov2022IC rnov20221cpat**Marking Guide** ov20221cparnov20221cparnov20221cparnov20221cparnov20221cparnov20221cparnov20221cparnov20221c

	Que 2 stion 2	021CPARNOV2022ICPARNOV2022ICPARNOV2022ICPARNOV2022ICPARNOV2022IC <b>Description</b> 021CPARNOV2022ICPARNOV202	Ma rks	Total Marks	PARNOV20221 PARNOV20221
OV2022ICPAI OV2022ICPAI OV2022ICPAI	( <b>a)</b> V2	Explaining the circumstances where the taxpayer may be audited more than once in a given tax period (2 marks for each, Max 8 marks)	CPA <b>8</b> CPARN CPARN	OV2022IC OV2022IC OV2022IC	PARNOV2022] Parnov2022] Parnov2022]
DV2022ICPAI	RNOV2	$0f{Total}$ RNOV2022ICPARNOV202ICPARN	CPARN	OV2022 <b>8</b> C	PARNOV2022
OV2022ICPAI	KNOV2	Explaining the burden of proof	CPARN	OV2022IC	PARNOV2022
OV2022ICPAI	<b>(b)</b> V2	Burden of proof for tax administrator 1 mark each Max 20221CPARNOV20221	CPA 3N	OV2022IC	PARNOV2022
OV2022ICPAI	RNOV2	Burden of proof for taxpayer 1 mark each Max PARNOV2022ICPARNOV2022IC	CPA 3N	OV2022IC	PARNOV2022
OV2022ICPAI	RNOV2 RNOV2	0. TIC PARNO V 2022ICPARNO V 2	CPARN	OV20226	PARNOV2022 Parnov2022
OV2022ICPAI	RNOV2	i.2Quarterly prepayments V2022ICPARNOV2022ICPARNOV2022ICPARNOV2022I	CPARN	OV2022IC	PARNOV2022
OV2022ICPAI	<b>c.i</b> ) <sup>V2</sup>	Computing the quarterly prepayments 0.5 Marks Max	0.5	OV2022IC	PARNOV2022
V2022ICPAI V2022ICPAI	RNOV2 Rnov2	Showing the quarterly declaration dates 0.5 Marks Max	1.5	OV2022IC	PARNO V2022 PARNO V2022
V2022ICPAI	RNOV2	0 <b>Total</b> RNOV2022ICPARNOV2022ICPARNOV2022ICPARNOV2022ICPARNOV2022IC	CPARN	OV2022 <b>2</b> C	PARNOV2022
V2022ICPAI	RNOV2	ii. Computing the fines and penalties	CPARN	OV2022IC	PARNOV2022
/2022ICPAI	KINOV 2 RNOV 2	Fixed fine for late declaration 0.5 Mark v2022[CPARNOV2022]CPARNOV2022[CPARNOV2022]	CPA 1	OV2022IC	PARNOV20221 PARNOV20221
/2022ICPAI	RNOV2	Penalty for late payment 1.5 marks RNOV2022ICPARNOV202ICPARNOV202ICPARNOV202ICPARNOV202ICPARNOV202ICPARNOV202ICPARNOV202ICPARNOV202ICPARNOV202ICPARNOV202ICPARNOV202ICPARNOV202ICPARNOV202ICPARNOV202ICPARNOV202ICPARNOV202ICPARNOV202ICPA	CP <b>1.5</b> N	OV2022IC	PARNOV2022
V2022ICPAI	c.ii)v2	Interest for late payment 1 Mark	CPA I	OV2022IC	PARNOV2022
V2022ICPAI V2022ICPAI	RNOV2 RNOV2	Total penalties 0.5 mark V2022ICPARNOV202ICPARNOV202ICPARNOV202ICPARNOV202ICPARNOV202ICPARNOV202ICPARNOV202ICPARNOV202ICPARNOV202ICPARNOV202ICPARNOV202ICPARNOV202ICPARNOV202ICPARNOV202ICPARNOV202ICPARNOV202ICPARNOV202ICPAR	0.5	OV2022IC	PARNOV 2022 PARNOV 2022
V2022ICPAI	RNOV2	Total RNOV2022ICPARNOV2022ICPARNOV2022ICPARNOV2022ICPARNOV2022I	CPARN	OV2022 <b>4</b> C	PARNOV2022
V2022ICPAI V2022ICPAI	RNOV2 RNOV2	Total Marks	CPARN CPARN	20	PARNOV2022I Parnov2022I

 $RNOV2022ICPAI_{\colored{F2.4}}{}^2022ICPARNOV202ICPARNOV202ICPARNOV202ICPARNOV202ICPARNOV202ICPARNOV202ICPARNOV202ICPARNOV202ICPARNOV202ICPARNOV202ICPARNOV202ICPARNOV202ICPARNOV202ICPARNOV202ICPARNOV202ICPARNOV202ICPARNOV202ICPARNOV202ICPARNOV2$ RNOV2022ICPARNOV2022ICPARNOV2022ICPARNOV2022ICPARNOV2022ICPARNOV2022ICPARNOV2022ICPARNOV2022ICPARNOV2022ICPARNO

#### Model Answers

(a)

## Circumstances where the taxpayer may be audited more than once in a given tax period

- RNOV2022ICPARNOV202ICPARNO
- ii. If the first audit was based on forged documents; If the tax officials discover that the first audit was based on forged documents, a new audit will be initiated, NOV20221CPARNOV2022
- iii. If the first audit was issue-oriented and the Tax administration wants to conduct a comprehensive audit,
- iv. When the Commissioner General cancels the first audit based on appeal: The commissioner general may cancel the first audit basing on the new evidence discovered during the appeal procedure and thus instruct a new audit to be conducted.

**(b)** 

#### **Burden of Proof**

## Burden of Proof lies with the Tax Administration

The burden of proof lies with the Tax Administration when:

- i. Rectifying tax declaration of the taxpayer;
- ii. Indicating the method of proof based on signs and indications of prosperity;
- iii. It applies for permission from provincial or City of Kigali Prosecutor to ask questions from a person bound by professional secrecy. RNOV2022ICPARNOV202ICPARNOV202ICPARNOV202ICPARNOV202ICPARNOV202ICPARNOV202ICPARNOV202ICPARNOV202ICPARNOV202ICPARNOV202ICPARNOV202ICP
- iv. Applying to the Provincial or City of Kigali Prosecutor for search warrant.

#### Burden of Proof lies with the Taxpayer ARNOV20

The burden of proof lies with the taxpayer when: <sup>102</sup>

- i. The Tax Administration conducts a tax assessment without notice:
- ii. The taxpayer starts an appeal procedure to correct an unintentional error in tax declaration;
- iii. The taxpayer wants to disprove the content of an affidavit.

F? 1/2022ICPARNOV2022ICPARNOV2022ICPARNOV2022ICPARNOV2022ICPARNOV2022I(Page 18/0f 10

D NO V2022 CDA DATO V2022 CDA DATO	
KNU V ZUZZICFAKNU V ZUZZICFAKNU	J V ZUZZICFAKNO V ZUZZICFAKNO V ZUZZICFAKNO V ZUZZI

ARNOV2022ICPARNOV2	022ICPARNOV	72022ICPARI	NOV2022ICI	PARNOV2022	ICPARNOV202	2ICPARNOV2022IC
Particulars	022ICPARNOV	/2022ICPARI	NOV2022ICI	PARNOV2022	CICPARNOV202	Amount FRW
ANTIOVZUZZICIAMINOVZ	022ICPARNOV	72022ICPARI	NOV2022ICI	PARNOV2022	CICPARNOV202	ZICIAINIO V ZUZZICI
Tax Liability RNOV2	022ICPARNOV	72022ICPARI	NOV2022ICI	PARNOV2022	PICPARNOV202	21CPA26,000,000
Quarterly prepaymer	its (25%) NOV	/2022ICPARI	NOV2022ICI	PARNOV2022	CICPARNOV202	21CPAR <b>6,500,000</b> C
Or (26,000,000/4)						2ICPARNOV2022IC
ARNOV20221CPARNOV2	022ICPARNOV	/2022ICPARI	NOV2022ICI	PARNOV2022	PICPARNOV202	2ICPARNOV2022IC
ARNOV2022ICPARNOV2	022ICPARNOV	/2022ICPARI	NOV2022ICI	PARNOV2022	PICPARNOV202	2ICPARNOV2022IC
<b>Declaration dates</b>	022ICPARNOX	72022ICDARI	MOV2022ICI	PARNOVANA	ICPARNOV202	2ICPARNOV2022IC

## Declaration dates V2022ICPARNOV2022ICPARNOV2022ICPARNOV2022ICPARNOVED First quarter ARNOV2022ICPARNOV2022ICPARNOV2022ICPARNOV2022ICPARNOV2022ICPARNOVED

Second quarter NOV2022ICPARNOV202ICPARNOV202ICPARNOV202ICPARNOV202ICPARNOV202ICPARNOV202ICPARNOV202ICPARNOV202ICPARNOV202ICPARNOV202ICPARNOV202ICPARNO

## ii. Fines and penalties ICPARNOV

Fixed fine for late declaration

Penalty for late payment (40%\*6,500,000)

Since She did not exceed 60 days

Interest for late payment (6,500,000\*1.5%\*2)

Total penalties

NOV2022ICPARNOV202ICPARN

END OF MARKING GUIDE AND MODEL ANSWERS

ZICPARNO V 2022ICPARNO V 202
ZICPARNO V 2022ICPARNO V 2022

RNOV2022ICPARNOV20