INTERNATIONAL UNIVERSITY OF EAST AFRICA
'Learning to Succeed'

FACULTY OF BUSINESS MANAGEMENT

END OF SEMESTER EXAMINATIONS - DECEMBER 2025

PROGRAMME: MBA
YEAR/SEM: YEAR 2/SEMESTER 1
COURSE CODE: MBA 810
NAME: TAXATION

DATE:
TIME:

INSTRUCTIONS TO CANDIDATES:

SECTION A

Section A is Compulsory

Question 1:

Mohamud imported textile materials whose taxable value at importation shs.50,000,000/= and he sold the goods to **Juma** a wholesaler at 57,000,000/= (VAT exclusive). **Juma** sold the goods to **Moses** (retailer) at 63,000,000/= (VAT exclusive). **Moses** sold to **James** the final consumer at 70,000,000/= (VAT exclusive)

Required compute VAT 18% payable to URA use a table to show the Input and Output taxes in your answer (40 Marks)

Question 2:

Mark Co. Limited located in Kansanga-Kampala imported Vehicles from Japan. The Cost of the Vehicles was US $200,000. The Company paid US $ 25,000 for Insurance and US $ 34,000 for Freight to Entebbe (Uganda). The Vehicles attract an import duty of 6%, Exercise Duty of 40%, VAT 18% and withholding tax 6%.

Please find the CIF Value in Uganda Shillings and Compute the tax payable
for the Vehicles after considering Import Duty, Excise Duty, VAT and Withholding Tax. given that exchange rate at the time of importation was UX 3,600 to US $. **(40 Marks)**

SECTION B

ATTEMPT ANY THREE QUESTIONS FROM THIS SECTION

Question 1:

A. Give and Explain the Disadvantages of Direct Taxes: **(5 Marks)**

B. What are the advantages of Indirect Taxes **(5 Marks)**

C. Why is tax planning and Management so important **(5 Marks)**

D. Discuss the objectives of taxation **(5 Marks)**

Question 2:

A. What are General Principles of an Ideal Tax System? **(10 Mars)**

B. Explain the rationale of taxation **(5 Marks)**

C. Give the Advantages of Self-Assessment of the Tax? **(5 Marks)**

Question 3:

Characteristics of a good Tax System

In complying with the canons of taxation, taxes are characterized as proportional, progressive or regressive. Give your understanding of the three Characteristics (**20 Marks)**

Question 4:

By an ideal tax, we mean a good tax. Some of the ingredients that make up a good tax are. Simplicity, Equity and Ability to pay. Explain with examples the above three ingredients. **(20 Marks)**

Question 5:

PAYE ANNUAL RATES

ANNUAL TAXABLE INCOME	**TAX RATE**
Not exceeding shs 2,820,000/=	Nil

Exceeding shs 2,820,000/=but not exceeding 4,020,000/=	10% of the amount which exceeds 2,820,000/=
Exceeding 4,020,000/= but not exceeding 4,920,000/=	120,000/= plus 20% of the amount chargeable exceeds 4,020,000/=
Exceeding 4,920,000/=	300,000/= plus 30% of income exceeding 4,920,000/= plus 10/= plus 10% of excess of 120,000,000/=

(ANNUAL TAXABLE INCOME)

Name	Gratuity	Annual Bonus	Annual Taxable Income
Mohamed	2,950,000	560,000	3,510,000
Abdul Nasa	4,355,650	560,000	4,915,650
Gift Teddy	35,555,500	560,000	41,031,150
Peter John	125,500,000	560,000	126,060,000

Using the above Annual Tax rate, Compute the Tax liabilities and Payable Net of the Above Employees (20 Marks)

Question 6:

Hajjat Aisha Anisa is a landlady with steady tenants. She earned rental income from her houses. below for the year ended 31st December 2024 as follows

Location Monthly rent (shs) Monthly maintenance

	Expenditure (shs)	
Plot 6, Ntinda	600,000	100,000
Plot 7, Muyenga	800,000	160,000
Plot 10, Makerere	500,000	130,000

Required

Compute Hajrati's rental income tax for both individual and Business the year ended 31st December 2024 (20 Marks)

Question 7:

A. Discuss the objectives of taxation (10 Marks)

B. Explain the rationale of taxation (10 Marks)

Question 8:

Explain with examples the Rights and Obligations of a Taxpayer (20 Marks)

Question 9:

Give your Understanding of Assessment of the Tax? (10 Marks)

B. Discuss the Advantages and Disadvantages of Taxation (10 Marks)

Question 10:

What are the Challenges faced by the URA (Uganda) and why? (10 Marks)

Discuss the role of Tax in your Country (10 Marks)

Question 11:

A. What are the Main features of a Customs Union? (10 Marks)

B. What are the Disadvantages of the Indirect Taxes **(10 Marks)**

Question 12:

A. What are Capital Gains (**5 Marks)**

B. What is Progressive Tax? **(5 Marks)**

C. Under Direct Taxes What is Elasticity **(5 Marks)**

D. What is Dividends Income (**5 Marks)**