

TAXATION
TA 001
15/07/2025 08:30 AM – 11:30 AM

Names:
Index number:

SUBJECT: TAXATION

OPTION : ACCOUNTING

DURATION: 3 HOURS

S6 QUESTIONS and ANSWERS BOOKLET

**ADVANCED LEVEL NATIONAL EXAMINATIONS,
2024-2025**

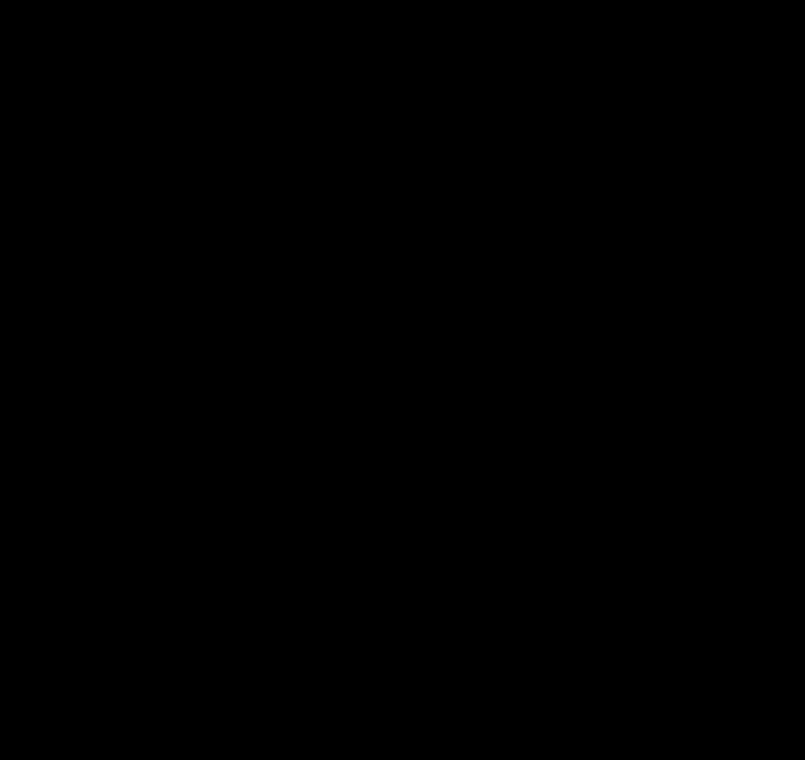
Instructions to candidates:

- 1) Write your names and index number on the answer booklet as they appear on your registration form.
- 2) This paper consists of **THREE** sections: **A, B** and **C**
Section A: Attempt **ALL** questions. **(40 marks)**
Section B: Attempt only **THREE** questions. **(30 marks)**
Section C: Attempt only **TWO** questions. **(30 marks)**
- 3) Use this question Paper for answering.
- 4) Use only a **blue** or **black** pen.
- 5) For multiple choice questions, circle the correct answer (key)
- 6) Calculators may be used where necessary
- 7) Show clearly all the working

TOTAL MARKS...../100

FOR EXAMINER'S USE ONLY

Questions	Marks	Questions	Marks
1		16	
2		17	
3		18	
4		19	
5		20	
6		21	
7		22	
8		23	
9		24	
10		25	
11		26	
12		27	
13		28	
14		29	
15		30	



Section A: Attempt ALL questions (40 marks)

For all multiple choice questions, circle the letter corresponding to the correct answer.

- 1) Select the appropriate terms among the following to fill the sentences below: **Duty, Tax incidence, Direct tax, Tax, Taxation** (5 marks)
- A) is a term for when a taxing authority, usually a government, levies or imposes a tax? The term “taxation” applies to all types of involuntary levies, from income to capital gains to estate taxes. Thus, taxation is a system being used by Government to serve general public interest
- B) is generally referred to as a compulsory levy imposed by the government upon assessment. Tax is fees charged (levied) by government on product, income or activity
- C)refers to the tax imposed on goods when they are transported across international borders. In simple terms, it is the tax that is levied on import and export of goods. The government uses this duty to raise its revenues, safeguard domestic industries, and regulate movement of goods.
- D)is a tax on the income or wealth of a person. it is recovered generally from that person under previously enacted legislation; an example would be income tax.
- E)is an economic term for understanding the division of a tax burden between stakeholders that include buyers and sellers or producers and consumers.
- 2) State whether the following statements are **True** or **False**: (5 marks)
- A) VAT payable: is the difference between output VAT and input VAT...
- B) VAT Refundable: is when input VAT is greater than output VAT received
- C) VAT claimable: is VAT claimed by a legal trader when he /she has paid input VAT to the supplier and he/she didn't collect output VAT from final consumer/customer
- D) Input VAT is the tax collected on sales, while Output VAT is the tax paid on purchases.....
- E) VAT is direct tax.....

3) Circle all correct answers that relate to tax measures that the government of Rwanda introduced in order to protect domestic industries against foreign industries. **(5 marks)**

- A) Tariffs
- B) Encouraging the use of Electronic Billing Machine
- C) Impose high tax on import product
- D) Give subsidies to the local industry
- E) Quotas specify the quantity of goods which can be imported
- F) Impose low tax on local produced materials

4) The following are types of the taxes collected in Rwanda. Fill in the table below by putting each tax to its corresponding categories: Corporate income tax, property taxes, rental taxes, withholding tax, trading license tax. **(5 marks)**

Taxes collected by the government of Rwanda	Taxes collected by the district

5) State whether the following are features of EAC Customs union or not. **(Use True or False) (4 marks)**

- A) A shared set of import duties applied on goods from countries outside the EAC. This is referred to as the common External Tariff (CET).
.....
- B) Zero rate of import duty, and no quotas, applied on goods from countries within the EAC with valid certificate of origin.
- C) Removal of other barriers to trade.
- D) Increase import duty, and no quotas, applied on goods from countries within the EAC with valid certificate of origin.....

6) Article 35 on law 16/2018 states that investment income includes any payment in cash or in kind from the following types of income. Circle only the correct answer. **(2 marks)**

- A) Interest, Dividends, Trading and Rent
- B) Interest, Dividends, Royalties and Rent
- C) Dividends, Royalties, Trading and Rent
- D) Interest, Employment, Royalties and Rent

- 7) Match the elements in column **A** with their correspondence customs duties in column **B** **(4 marks)**

Column A: Elements	Column B: Types of Customs Duties
I) A company imports electronic goods from a country with which a Free Trade Agreement exists, allowing reduced tariff rates.	A. Anti-dumping duty
II) A manufacturer imports raw materials that are deemed essential for national industries and qualify for special exemptions.	B. Preferential duty
III) A retailer imports luxury watches, which are subject to additional tax due to their high value and non-essential nature.	C. Basic customs duty
IV) A government imposes a higher tariff on a specific country in retaliation for unfair trade practices.	D. Countervailing duty

- 8) Which of the following measures of business law that can be applied to protect individuals from harmful business practices in a real-world scenario? (Circle the correct answers). **(3 marks)**
- I. A company is required to provide clear and truthful advertising, avoiding misleading or false claims about their products.
 - II. A business fails to enforce return policies, leaving consumers with defective products and no recourse.
 - III. An employer ensures that workplace conditions meet safety standards and provides necessary protective equipment to workers.
 - IV. A business ignores environmental regulations, resulting in pollution and harm to the surrounding community.
 - V. A company implements a non-discriminatory hiring policy, ensuring equal opportunities for employees regardless of race or gender.
 - VI. A business ignores consumer warranties and returns, resulting in customers being stuck with unsatisfactory products.

- 9) Match the following depreciation rates which correctly corresponds to the specified business asset from the table below. **(2 marks)**

Asset	Depreciation rates
Buildings and heavy machinery	50%
Intangible assets like goodwill:	5%
Computers and accessories	Not depreciated
Land	10%

10) Which of the following are types of taxes to be collected to decentralized entities? Circle the correct answers. **(3 marks)**

- A) Immovable property tax
- B) Trading licence tax
- C) Rental income tax
- D) Corporate income tax
- E) Withholding tax

11) ABC Business, registered as a VAT taxpayer, sells taxable goods worth 800,000 Frw (VAT is included). If the VAT rate is 18%, what is the VAT output for this business? Circle the correct answer. **(2 marks)**

- A) 144,000 Frw
- B) 120,000 Frw
- C) 152,542 Frw
- D) 136,000 Frw

Section B: Attempt only THREE questions (30 marks)

12) One of the Districts in Rwanda has a project plan of building a football stadium that will cost 4 billion. Describe any five sources of revenue that district could explore to meet the financial needs of that project.

(10 marks)

13) A) What kind of rental income is included in investment income?

B) David owns machinery worth 10,000,000 Frw and rents it out for 1,200,000 Frw. He paid 50,000 Frw in interest on a loan for the purchase. The applicable tax depreciation rate is 5% on the cost of the machinery.

Given the above details, which of the following calculations accurately represents his taxable rental income for the year? Show the workings for the correct one.

- A) Gross rental income: 1,200,000 Frw; Depreciation: 600,000 Frw; Interest paid: 50,000 Frw; Taxable rental income: 1,550,000 Frw.
- B) Gross rental income: 1,200,000 Frw; Depreciation: 500,000 Frw; Interest paid: 50,000 Frw; Taxable rental income: 530,000 Frw.
- C) Gross rental income: 1,200,000 Frw; Depreciation: 100,000 Frw; Interest paid: 50,000 Frw; Taxable rental income: 1,250,000 Frw.
- D) Gross rental income: 1,200,000 Frw; Depreciation: 50,000 Frw; Interest paid: 100,000 Frw; Taxable rental income: 1,050,000 Frw

(10 marks)

- 14) A) What is tax audit? **(2 marks)**
 B) Explain any four roles of tax audit within a tax system. **(8 marks)**
- 15) After declaring taxes through Irembo services, your parents want to pay taxes using MTN Mobile Money. Can you assist them by outlining the step-by-step process for paying taxes individually through the MTN Mobile Money platform? Be sure to start with the necessary requirements and transaction process. **(10 marks)**

Section C: Attempt only TWO questions (30 marks)

- 16) The management of DUHANGE Ltd presented the following information for different accounts for the year ended 31st, December 2024.

ACCOUNTS	FRW
Sales	55,000,000
Cost of goods sold	12,000,000
Administration expenses	2,000,000
Operating expenses	1,500,000
Fines and penalties	500,000
Paid Rent	3,000,000
Receivables	400,000
Bank and cash balances	2,500,000
Provisions for bad debt	5,000,000
Transport & insurance	1,500,000
Depreciation expenses	400,000
Communication expenses (telephone)	500,000
Interest paid to Bank of Kigali	400,000
Electricity and water expenses	400,000
Fuel expenses	600,000

Additional information:

25% of the rent is to be considered as personal expenses for Mr. Kagabo, one of the directors of the company.

- Overhead expenses (Telephone & Electricity), because the shop and the family's residence were in the same building, it was difficult to separate such expenses.
- Investment allowance, allowable for the year is 1,500,000 Frw

