

# LAGOS CITY POLYTECHNIC, IKEJA

## SCHOOL OF MANAGEMENT AND BUSINESS STUDIES

### DEPARTMENT OF ACCOUNTANCY

#### 2016/2017 SEMESTER EXAMINATION

1. (a) Explain five(5) profits/income exempted from tax
- (b) Discuss five(5) disallowable expenses for tax purposes in Nigeria.

2. Geez Viewcards Limited has been on business for so many years and is engaged in the importation and distribution of greeting cards and souvenirs. Due to declining profits, the company decided to cease trading. However, the chairman of the company could not make up his mind whether to cease trading on 31 December 2012 or 31 January 2013. Recent accounts adjusted for tax purpose, revealed the following profit figures:

**COURSE TITLE: TAXATION I** **NO OF QUESTIONS: 6**

**COURSE CODE: ACC 214** **TIME ALLOWED: 2HRS**

**FOR WHOM: ND YRS III** **AGC 2008** **INSTRUCTIONS: 10**

1. (a) Explain five(5) profits/income exempted from tax  
 Year ended 30 September 2009 46,000  
 (b) Discuss five(5) disallowable expenses for tax purposes in Nigeria  
 Year ended 30 September 2010 38,000

2. Geez Viewcards Limited has been on business for so many years and is engaged in the importation and distribution of greeting cards and souvenirs. Due to declining profits, the company decided to cease trading. However, the chairman of the company could not make up his mind whether to cease trading on 31 December 2012 or 31 January 2013. Recent accounts adjusted for tax purpose, revealed the following profit figures:

Year ended 30 September 2011 28,600  
 Year ended 30 September 2012 22,200  
 Year ended 31 December 2012 5,000

Required: Determine Assessable profits from 2009 Assessment year up to cessation and indicate what difference it would make, if business ceases on 31 January 2013, assuming profit of N8,000 for 4 months to 31 January 2013.

3. (a) Briefly discuss five(5) reliefs and allowances available under Personal Income Tax  
 Year as ended (amended) and PIT 2008 (Amendment) Act, 55,000  
 Year ended 30 September 2009 46,000  
 (b) Explain the Rules on a change of Accounting Date.  
 Year ended 30 September 2010 38,000  
 Year ended 30 September 2011 28,600

4. (a) Explain the following terms:  
 (i) Current year loss relief  
 (ii) Carry forward loss relief  
 (iii) Penultimate year  
 (iv) Ultimate year  
 (v) Preceding year basis  
 Required: Determine Assessable profits from 2009 Assessment year up to cessation and indicate what difference it would make, if business ceases on 31 January 2013, assuming profit of N8,000 for 4 months to 31 January 2013.

3. (b) Briefly discuss five(5) reliefs and allowances available under Personal Income Tax

5. (a) Yanriyan Ltd, commenced business on 1 July 2008, and the adjusted profits are as follows:  
 (b) Explain the Rules on a change of Accounting Date.

4. (a) Explain the following terms:  
 (i) Current year loss relief  
 (ii) Carry forward loss relief  
 (iii) Penultimate year  
 (iv) Ultimate year  
 (v) Preceding year basis  
 1050000  
 2040000  
 (b) Explain the commencement rules.  
 Year ended 31 December 2010

3000500  
 5. (a) Yanriyan Ltd, commenced business on 1 July 2008, and the adjusted profits are as follows:

Required: Compute the Assessable profits for the first four years of commencement of business, taking into consideration the tax payers right of election on commencement of business

