JUNE 2020 EXAMINATIONS

CHIEF EXAMINERS REPORTS

TAXATION PROGRAMME

SUBJECT: C1 BUSINESS MANAGEMENT

QUESTION ONE

The general performance on this question was good. 2 out of the 3 candidates who attempted the question achieved a pass (that is a score of at least 10 out of 20 marks), representing a pass rate on the question of 66.7%. The lowest score was 8, whilst the highest was 18 out of 20 marks.

This question had two parts: (a) and (b). Part (a) asked the candidates to explain identify and describe the terms used when business organizations donate to the community. Most candidates did very well on this part

Part (b) was about defining and describing the process of Marketing research. This part of the question was not friendly to most candidates.

QUESTION TWO

The general performance on the question was poor. A pass rate of 33.3% was recorded (only 1 of the 3 candidates that attempted it scored 10 and above marks out of 20). The highest score was 15 while the lowest was 2 out of 20.

This had two parts: (a) and (b). Part (a) asked the candidates to explain the Maslow's hierarchy of needs. Most candidates got this question correctly.

Part (b) was about defining the term Finance Committee and the roles of Finance Committee in a business organization. Most candidates could not explain the roles of the financing committee.

QUESTION THREE

The general performance on this question was good. 2 out of the 3 candidates who attempted the question achieved a pass (that is a score of at least 10 out of 20 marks), representing a pass rate on the question of 66.7%. The lowest score was 6, whilst the highest was 18 out of 20 marks.

This question had two parts: (a) and (b). Part (a) was about how democratic leadership style and Autocratic leadership style are used to archived business goals. Majority of candidates answered this part correctly.

Part (b) asked candidates to explain how goal setting in organisations would motivate employees and increase productivity. Most candidates answered this part correctly.

QUESTION FOUR

The general performance on this question was excellent. All the 3 candidates that attempted it managed to get 10 and above marks out of 20. The pass rate recorded was 100%. The highest mark scored was 19 out of 20 while the lowest was 18.

This question had two parts: (a) and (b). Part (a) asked candidates to bring out four (4) characteristics of Coaching and Mentoring. Majority of candidates answered this correctly.

Part (b) required candidates to explain three (3) main areas of job redesign that would result in improved productivity. Most candidates failed to answer this question correctly.

QUESTION FIVE

The general performance on this question was fair. 1 of the 2 candidates that attempted it managed to get 10 marks out of 20. The pass rate recorded was 50%. The highest mark scored was 10 out of 20 while the lowest was 8.
This question had two parts (a) and (b). Part (a) asked candidates to explain how social and environmental disclosure by mining companies in Zambia constitutes social responsible behavior. The majority of candidates answered this part correctly.

Part (b) required candidates to use McGregor's Theory of motivation to discuss the concept of motivation and explain how management style is influenced by the assumptions they hold about their subordinates. Most candidates did not answer this part correctly, instead most would explain Herzberg's theory or Maslow's theory which perhaps was easier to remember.

OVERALL PERFORMANCE OF CANDIDATES

i.	Highest mark obtained in this paper:	70%
ii.	Average score in this paper:	58%
iii.	Overall pass rate in this paper:	66.7%

SUBJECT: C2 ECONOMICS AND FINANCIAL MATHEMATICS

QUESTION ONE

The general performance on this question was poor. Only 2 out of the 8 candidates that attempted it managed to get 10 and above marks out of 20. The pass rate recorded was 25%. The highest mark scored was 15 out of 20 while the lowest was 0.

Part (a) (ii) required candidates to calculate money income while part (a) (iii) Asked candidates to explain the meaning of MPC.

Part (b) (i): This part required candidates to calculate the price elasticity of demand for the given product using the Midpoint Formula. Performance was fair on this part of the question though weak candidates seemed not to know what the midpoint formula is! Candidates were required to calculate changes and averages of prices and quantities respectively and the substitute in the formula.

Part (b)(ii) required candidates to explain the five stages of regional integration given. Many candidates seem not to have covered this area of the syllabus. Candidates are urged to study the entire syllabus.

Part (c) required candidates to state any four benefits of a merger and acquisition. It was poorly done (candidates are urged to refer to suggested solutions).

QUESTION TWO

The general performance on this question was excellent. 7 out of the 8 candidates that attempted it managed to get 10 and above marks out of 20. The pass rate recorded was 87.5%. The highest mark scored was 19 out of 20 while the lowest was 8.

The question was also divided into two parts namely (a),(b) and (c). Part (a) required candidates to explain any five characteristics of money. Some candidates confused characteristics with qualities of money.

Part (b) required candidates to outline any five authorized activities of banks as provided for by the banking and financial services act of 1994 while part (c) required them to distinguish between a local bank and a foreign bank. Both parts were fairly answered.

QUESTION THREE

The general performance on this question was poor. None of the 8 candidates that attempted it managed to get 10 and above marks out of 20. The pass rate recorded was 0%. The highest mark scored was 8 out of 20 while the lowest was 2.

This question required candidates to use the data provided to calculate correlation coefficient. It was divided into two parts. It was observed in part (a) that most candidates made minor computation errors when calculating the correlation coefficient. Others used wrong calculated totals to compute hence getting wrong answers.

Part (b) had five parts. Part (i) , (ii) and (iii) of the question required candidates to compute binomial probabilities from the given scenario. Most candidates could only compute the first probability correctly and struggled to compute the second and the third part. It was observed that most of the candidates did not understand the meaning of "at least" and "at most" in the question, hence ended up with wrong inequalities when computing the probabilities. The other reason why candidates performed poorly on this question is that most of them could discern that binomial distribution was to be used.

Part (iv) and (v) of the question required the candidates to find the mean and the standard deviation of the distribution respectively. Candidates did not do well here due to use of wrong mean and variance formulae.

QUESTION FOUR

The general performance on this question was also poor as none of the 8 candidates that attempted it managed to get 10 and above marks out of 20. The pass rate recorded was 0%. The highest mark scored was 3 out of 20 while the lowest was 0.

The question was split into two parts. Part (a) required candidates to use the given data to compute the probabilities. It was observed that candidates did not know which probability distribution to use, hence they used wrong ones and lost marks.

Part (b) required the candidates to use the given data to calculate the equilibrium price and quantity. Most of the candidates had wrong answers due to computational errors when solving the simultaneous equation. Others used a wrong formula on the last part of the question thus they lost marks.

QUESTION FIVE

The general performance on this question was poor. Only 1 of the 8 candidates that attempted it managed to get above 10 marks out of 20. The pass rate recorded was 12.5%. The highest mark scored was 15 out of 20 while the lowest was 1.

This question required the candidate to define some terms used in financial mathematics. It was split into three parts, part A was to define the terms, and most candidate did well on this part of the question. Part B was on compounded interest, most candidates demonstrated good working knowledge on the second part of the question. Notable errors resulted due to improper use of formulas.

Part (c) required candidates to use the given data to compute the probabilities on Poisson distribution. Very few candidates managed to correctly compute the required probabilities. Candidate struggled to find the correct values on this question due to use of wrong formula. Others used the correct formula but made errors when doing the computations.

OVERALL PERFORMANCE OF CANDIDATES
  i.   Highest mark obtained in this paper: 52%
  ii.   Average score in this paper: 30.7%
  iii.   Overall pass rate in this paper: 12.5%

SUBJECT: C3 ACCOUNTANCY FOR TAX PRACTITIONERS

QUESTION ONE

The general performance on this question was fair. 2 of the 4 candidates that attempted it managed to get 10 and above marks out of 20. The pass rate recorded was 50%. The highest mark scored was 20 out of 20 while the lowest was 9.

The question required candidates to prepare the statement of profit or loss, statement of financial position and to define accounting concepts which includes business entity concept, money measurement concept and the dual aspect concept. The question was attempted by all the candidates and the candidates performed very well except for one scoring below average.

QUESTION TWO

The general performance on this question was poor. None of the 3 candidates that attempted it managed to get 10 and above marks out of 20. The pass rate recorded was 0%. The highest mark scored was 7 out of 20 while the lowest scored 4.

The question required candidates to give a description of each adjustment made and why each of them is necessary using journal entries and to prepare the revised statement of financial position after taking into account all the items. The candidates who attempted the question didn't perform well and this is due to lack of preparation.

QUESTION THREE

The general performance on this question was poor. None of the 4 candidates that attempted it managed to get 10 and above marks out of 20. The pass rate recorded was 0%. The highest mark scored was 3 out of 20 while the lowest had 0.

The question required candidates to prepare trade receivables and trade payables ledger at 30 September 2018. The question was attempted by all the candidates and they performance was very poor and this is as a result of poor preparation. Therefore, candidates are encouraged to prepare adequately.

QUESTION FOUR

The general performance on this question was fair. 2 candidates out of the 4 that attempted it managed to get 10 and above marks out of 20. The pass rate recorded was 50%. The highest mark scored was 16 out of 20 while the lowest was 4.

The question required candidates to prepare the statement of profit or loss and the statement of financial position at 31 December 2019. All the candidates attempted the question and they performed very well.

QUESTION FIVE

The general performance on this question was poor with only 1 out of the 3 candidates that attempted the question getting 19 marks out of 20. The pass rate recorded was 33.3%. The student with the lowest marks got 1 out of the available 20 marks.

The question required candidates to prepare the partnerships statement of profit or loss, appropriation account and partnership's statement of financial position for the year ended 31 December 2019. All the candidates attempted the question and they did not perform well except for one candidate who managed to score 19 out of 20 marks.

OVERALL PERFORMANCE OF CANDIDATES
  i.   Highest mark obtained in this paper: 50%
  ii. Average score in this paper: 27.8%
  iii. Overall pass rate in this paper: 50%

SUBJECT: C4 DIRECT TAXES

QUESTION ONE
The general performance on this question was excellent. 11 out of the 12 candidates that attempted it managed to get 10 and above marks out of 20. The pass rate recorded was 91.6%. The highest mark scored was 17 out of 20 while the lowest was 9.

This question had three parts (a), (b) and (c). In part (a) candidates were required to explain the tests that are used by Zambia Revenue Authority (ZRA) to distinguish between an employee and self -employed for tax purposes. Most candidates were able to explain in full the tests Zambia Revenue Authority uses to distinction between an employee and a self - employed

In part (b) candidates were required to calculate the income tax payable by a given taxpayer for Tax year 2020. The performance of most candidates was good as they were able to add up the disallowable incomes. However only a few managed to correctly the income tax payable , this may be attributed to lack of knowledge on how to treat items such as long service award and investment incomes.

In part (c) candidates were required to determine the treatment of income of a tax payer who dies in a particular tax year. Those candidates who had the knowledge on how to treat the incomes of deceased tax payer correctly answered this part and scored full marks. Lack of knowledge by some candidates may have led them not to score all the full marks.

QUESTION TWO
The general performance on this question was excellent. 10 out of the 12 candidates that attempted it managed to get 10 and above marks out of 20. The pass rate recorded was 83.3%. The highest mark scored was 18 out of 20 while the lowest was 2.

This question had four parts (a), (b) (i) and (ii), (c) (i) and (ii) and (d). Zambia's economy is currently undergoing a recession and the Government of the Republic of Zambia has embarked on a vigorous program to raise revenue. One of the ways of raising Government revenue is through aggressive implementation of taxation laws and regulations.

In part (a) candidates were required to explain sources of revenue for the Central Government apart from taxation. This part of the question was well answered by most candidates exhibited high knowledge of other sources of government revenue.

In part (b) (i) candidates were required to state any two (2) persons who are not required to pay turnover tax in Zambia. A good number of candidates correctly stated the persons who are not required to pay turnover tax. However a few candidates who had no knowledge failed lamentably to correctly state so. Candidates are encouraged to read and study more as this information is readily available in the study manuals and past papers.

In part (b) (ii) candidates were required to explain problems associated with turnover tax from tax payers' point of view. Most candidates were able to explain the problems associated with turnover adequately and earned the full marks.

In part (c) (i) candidates were required to calculate the monthly amount of turnover tax payable by Tubombe Ltd.

In part (c) (ii) candidates were required state the Penalty for late payment of turnover tax. Unfortunately, the performance of candidates was very poor as most if not all the candidates failed to answer this part.

In part (c) candidates were required to explain the circumstances under which an individual is held to be resident and ordinarily resident in Zambia for income tax purposes. The performance on this part was slightly above average as well prepared candidates were able to explain the circumstances.

QUESTION THREE
The general performance on this question was fair. 7 out of the 12 candidates that attempted it managed to get 10 and above marks out of 20. The pass rate recorded was 58.3%. The highest mark scored was 19 out of 20 while the lowest was 1.

This question had three parts (a), (b) and (c). In part (a) candidates were required to calculate the maximum amount of capital allowances claimable by Kanyama Ranga Limited in respect of the tax year 2020. The performance on this part of the question was above average as most candidates managed to answer the question correctly although a few of them had difficulties in dealing with a commercial building in an industrial building where it was not treated as an industrial building because it's cost was more than 10% of the construction cost.

In part (b) candidates were required to calculate the final tax adjusted business profit for Kanyama Ranga Limited. You should start with the profit before taxation figure of K1,941,000. The performance was satisfactory as most of them were able scored quite good marks on this part of the question. Of course a few of them had problems in identifying the disallowable expenses and ended up including even those which were allowable.

In part (c) candidates were required to calculate the income tax payable by Kanyama Ranga Limited for the tax year 2020. The performance was slightly below average because the majority of them had computed the taxable business profit wrongly and ended up losing marks on this part. However, the consolation was on the correct treatment of fixed deposit interest which most of them got right in spite of the wrong taxable profit.

QUESTION FOUR
The general performance on this question was fair. 6 out of the 12 candidates that attempted it managed to get 10 and above marks out of 20. The pass rate recorded was 50%. The highest mark scored was 18 out of 20 while the lowest was 2.

This question four parts (a) (i), (ii) and (iii), (b) and (c) (i), (ii) and (d). In part (a) (i) candidates were required to state three (3) documents required on transfer of shares. The majority of them were not able to recall the documents required on the transfer of shares and lost easy marks. The documents are; share transfer form 27, latest financial statements and shareholders' resolutions.

In part (a) (ii) candidates were required to describe three (3) situations in which exemptions from PTT would apply
The performance on this part was average except a few candidates who had challenges in bring out valid points such transactions involving sales of shares on the LUSE among other points.

In part (a) (iii) candidates were required to explain the tax treatment of chattels in property transfer tax. Most candidates performed better as were able to explain the treatment of chattels in relation to property transfer pricing.

In part (b) candidates were required to explain the functions of the two (2) operational divisions of the Zambia Revenue Authority (ZRA).
The performance was above average on this part of the question scored all the required marks as they were able to state the functions of the two operating division of the Zambia Revenue Authority.

In part (c) (i) (ii) candidates were required to briefly explain Proportional taxes and Capital taxes. The performance was quite good and most of them scored good marks on this part.
In part (d) candidates were required to show the income tax assessments for all the relevant tax years, clearly identifying the basis periods. The performance was very poor as most candidates seemed not to understand the basis period and how the tax

payer is assessed and as a result the calculation of taxable profits in two consecutive tax years 2019 and 2010 were wrong.

QUESTION FIVE

The general performance on this question was very good. 9 out of the 12 candidates that attempted it managed to get 10 and above marks out of 20. The pass rate recorded was 75%. The highest mark scored was 15 out of 20 while the lowest was 6.

This question had two parts (a) and (b) (i) and (ii). In part (a) candidates were required to calculate the final income tax payable or refundable by a given tax payer for the tax year 2020. The performance was better although others had difficulties in dealing with taxable investment income and ended up taxing even those where the withholding tax was final, e.g. rental income.

In part (b) (i) candidates were required to calculate the presumptive taxes to be paid in respect of the two vehicles to be provided for public transportation for the month of December 2020, provided that the vehicles were used for 24 days and 18 days respectively.

The majority of them scored better as most of them were able to calculate the presumptive tax paid on two motor vehicles as required by the question except a few of the did not know how to use the tax tables provided.

In part (b) (ii) candidates were required to explain any four (4) reasons why the Government of the Republic of Zambia introduced Presumptive Taxes for transporters. The performance was above average as most of them were quite conversant with the reasons why the Government of the Republic of Zambia introduced presumptive taxes scored good marks on this part of the question.

OVERALL PERFORMANCE OF CANDIDATES
   i.   Highest mark obtained in this paper: 85%
  ii.   Average score in this paper: 47.9%
 iii.   Overall pass rate in this paper: 75%

SUBJECT: C5 INDIRECT TAXES

QUESTION ONE

The general performance on this question was fair. 6 out of the 11 candidates that attempted it managed to get 10 and above marks out of 20. The pass rate recorded was 54.5%. The highest mark scored was 16 out of 20 while the lowest was 6.

This question had five parts (a), (b), (c), (d) and (e). In part (a) candidates were required to state how the tax point is determined for the supply of goods or services This part of the question was well answered by most candidates as they ably stated the basic tax point.

In part (b) candidates were required to explain six (6) steps to be followed in claiming the bad debt relief for the debts not collected arising from the insolvency of the customer. The performance of the candidates was average, for well-prepared candidates they clearly stated the steps to follow when claiming the bad debt relief

In part (c) candidates were required to state four (4) taxable agricultural supplies which are zero rated for VAT, by giving examples. The performance of most candidates was slightly above average as they were able to state the requirements.

In part (d) candidates were required to explain the VAT consideration in the banking and financial services and state any three banking services that are standard rated.
In this part of the question the performance was good as most of the candidates were able to explain the considerations.

In part (e) candidates were required to explain how the taxable value for VAT is determined in the construction industry
The performance of most candidates was slightly above average as they could not explain the full requirements hence failing to score the full marks.

QUESTION TWO

The general performance on this question was excellent. All the 11 candidates that attempted it managed to get 10 and above marks out of 20. The pass rate recorded was 100%. The highest mark scored was 20 out of 20 while the lowest was 10.

This question had three parts (a), (b) and (c). In part (a) candidates were required to calculate the amount of VAT payable by Penga Ujane Limited for the month of March 2020. The performance of most candidates on this part of the question was very poor and below average. A high number of candidates were not able to compute the input VAT or the out-put VAT and the VAT payable hence failing to score the full marks

In part (b) candidates were required to explain any three (3) responsibilities of the Customs Services Division. The performance of most candidates was good as they explained the responsibilities of the Customs service Division.

Part (c) required candidates to state seven (7) obligations of a VAT registered supplier. The performance of a high number of candidates was exceptionally good as they stated the obligations of a VAT registered.

QUESTION THREE

The general performance on this question was also excellent. 9 out of the 11 candidates that attempted it managed to get 10 and above marks out of 20. The pass rate recorded was 90.9%. The highest mark scored was 20 out of 20 while the lowest was 9.

This question had three parts (a), (b) and (c). In part (a) candidates were required to calculate the import taxes that were paid by Polepole Transport Limited on the importation of the coach.
The performance of well -prepared candidates was good as they calculated the import taxes correctly and earned the full marks

In part (b) candidates were required to explain four (4) methods other than the transaction value used to determine the Value for Duty Purposes (VDP). A good number of candidate's performance was well above average as they correctly explained the methods used to determine the VDP.

In part (c), candidates were required to state eight (8) commercial documents prescribed by legislation to validate any transaction with the Customs Services Division. Most candidates' performance on this part of the question was very good and they ended up scoring the full marks.

QUESTION FOUR

The general performance on this question was excellent. 9 out of the 11 candidates that attempted it managed to get 10 and above marks out of 20. The pass rate recorded was 81.8%. The highest mark scored was 18 out of 20 while the lowest was 7.
This question had five parts (a), (b), (c), (d) and (e). In part (a) candidates were required to explain the advantages and disadvantages of the cash accounting scheme. The performance of candidates was average as an average number of them answered this part correctly whilst the rest could not and ended up not scoring the full marks.

In part (b) candidates were required to explain what tax invoice, registration and Deregistration means in relation to VAT. The performance of most candidates was good as they clearly explained the terms in relation to VAT and ended up scoring the full marks.

In part (c) candidates were required to briefly explain the purpose of an internal review mechanism within the Zambia Revenue Authority. The performance of most candidates was above average as the explained the purpose correctly.

In part (d) (I) candidates were required to explain the importance of establishing a basic tax point. The performance of candidates was average as some candidates answered correctly whilst others were not able to explain correctly.

In part (ii) candidates were required to explain the circumstances under which the basic tax point can be changed. The performance of most candidates was above average as most of them correctly explained the circumstances.

In part (e) candidates were required to explain the main differences between making exempt supplies and making zero-rated Supplies. The performance of candidates was average as some of them correctly answered the question while others failed to do so.

QUESTION FIVE

The general performance on this question was poor. Only 2 out of the 11 candidates that attempted it managed to get 10 and above marks out of 20. The pass rate recorded was 18.1%. The highest mark scored was 18 out of 20 while the lowest was 4.

This question had two parts (a) and (b). In part (a) candidates were required to explain five (5) conferring criteria for goods to be accepted as originating in a member state. Well prepared candidates ably explained the conferring criteria and scored the full marks.

Part (b) required candidates to explain five (5) components of an organisational structure of the Preferential Trade Area (PTA). Most of the candidates were not able to explain the full components of the organisational structure of PTA and ended up not scoring the full marks.

OVERALL PERFORMANCE OF CANDIDATES
    i. Highest mark obtained in this paper: 85%
    ii. Average score in this paper: 53.4%
    iii. Overall pass rate in this paper: 81.8%

SUBJECT: C6 LAW FOR TAX PRACTITIONERS

QUESTION ONE
The general performance on this question was good. 6 out of the 9 candidates that attempted it managed to get 10 and above marks out of 20. The pass rate recorded was 66.7%. The highest mark scored was 16 out of 20 while the lowest was 7.

QUESTION TWO

The general performance on this question was excellent. 9 out of the 10 candidates that attempted it managed to get 10 and above marks out of 20. The pass rate recorded was 90%. The highest mark scored was 16 out of 20 while the lowest was 8.

Question two had parts (a) and (b). Part (a) was further divided into two. Part (a) (i) was well attempted by most candidates. They proved to have been familiar with the sources of law in question. They were able to bring out the correct answers as expected of them. The question required students to describe the steps taken to register a company. Future Students are encouraged to study this topic in full.

The second part of (a) was based on difference between partnership business and a sole trader. The performance on this part was good. A few students nevertheless lost marks because they appear to have lacked understanding of the subject area.

In parts (b) and (c), majority of candidates gave correct explanations.

QUESTION THREE
The general performance on this question was also excellent. 8 out of the 10 candidates that attempted it managed to get 10 and above marks out of 20. The pass rate recorded was 80%. The highest mark scored was 16 out of 20 while the lowest was 8.

The question was divided into three parts. On part (a), most candidates   answered this question correctly. Most of them were familiar with the definition of hire purchase agreement. They were able to bring out the correct answer as expected of them. Future Students are encouraged to study this topic in full. About 80 % of students got this question correctly.

Part (b) was also well attempted. Majority of candidates gave correct explanations. Students are encouraged to get accurate definitions from the Hire Purchase Act / law dictionary which they can easily download/ rely on the ZICA manual which has

captured both. They are encouraged to study and understand higher purchase agreements in full.

Part (c) of the question required students to define the elementary terms of a contract like offer, acceptance, consideration, Intention to create legal relations and invitation to treat. Most of the candidates got the definitions correct. This is a sign that they understood the basics of contract law. Future candidates are encouraged to study the whole subject of contract law.

In part (d), students were required to define negotiation and endorsement under banking law. Most students got the answer correct.

QUESTION FOUR

The general performance on this question was excellent. 8 out of the 10 candidates that attempted it managed to get 10 and above marks out of 20. The pass rate recorded was 80%. The highest mark scored was 16 out of 20 while the lowest was 6.

Most candidates answered the first part of the question correctly. Most of them were familiar with the consideration and principles surrounding it. They were able to bring out the correct answers as expected of them. The question required students to explain consideration and demonstrate how it moves.
The second part was also well attempted. Students were able to appreciate privity of contract. They were able to give good examples which is a sign that they understood the subject better.

On the third part of question four, majority of candidates gave correct explanation of wrongful dismissal. Students were able to appreciate the topic in full, future students are encouraged to study the topics as provided for in the manual. Most students got the question correctly. Future candidates must study everything and avoid selective studying.

The fourth part of the question required candidates explain collective bargaining. Students were able to appreciate the topic in full, future students are encouraged to study the topics as provided for in the manual. At least 80 % of the students got the question correctly and gave the right answers. Future candidates must study everything and avoid selective studying.

The last part focused on receivership. Students were able to articulate themselves in this topic. There are however, few candidates who did not do so well. The reason could be that they did not pay much attention to the subject in question. Future

candidates are encouraged to study the full manual as questions come from all topics in the manual. About 60% got the question right.

QUESTION FIVE

The general performance on this question was poor. Only 4 out of the 11 candidates that attempted it managed to get 10 and above marks out of 20. The pass rate recorded was 40%. The highest mark scored was 16 out of 20 while the lowest was 2.

Part (a) was based on sources of law and how the legislative process works in parliament. Majority of the students got the answer correctly as they were able to explain the stages that a bill goes through to become law. However, those who failed only failed to the extent of not fully explaining the stages or skipping the stages that are involved. Prospective student must study sources of law in depth and the stages that are involved before a bill becomes law.

Part (b) of the question was well attempted. Most of the students were able to explain the duties of the buyer under a contract of sale. Those who failed to make it, failed to explain the duties due to as it appears, lack of knowledge or just giving guess work. Prospective students must look at the duties that come as a result relationships like partnership, agency or under commercial agreement.

Part (c) was answered well by students as they were fairly able to answer the types of industrial actions. However, other students who failed to answer this part just gave guess work. Prospective students must read the entire topic on industrial relations and the types of industrial actions that employees can take part in.

Overall performance of candidates
    i.   Highest mark obtained in this paper: 66%
    ii. Average score in this paper: 36.6%
    iii. Overall pass rate in this paper: 80%

SUBJECT: D1 BUSINESS INFORMATION MANAGEMENT

QUESTION ONE

The general performance on this question was excellent. 5 out of the 6 candidates that attempted it managed to get at least 13 marks out of 25. The pass rate recorded was 83.3%. The highest mark scored was 17 out of 25 while the lowest was 8.

Part (a) of the question required candidates to discuss the assumptions of global economies, organizational strategies and planning, change management and flexibility and structure of workflows. The candidates managed to answer the assumptions very well except on the issue of flexibility and structure of workflows of business operations, which was poorly done.

Part (b) was on benefits of e-commerce. This part was very well attempted by candidates.

QUESTION TWO

The general performance on this question was also excellent. All the 6 candidates that attempted it managed to get at least 13 marks out of 25. The pass rate recorded was 100%. The highest mark scored was 25 out of 25 while the lowest was 15.

In part (a) the candidates were required to prepare a check-list on factors of selecting software. Most candidates managed to state and explain the factors to consider when selecting software without any problem.

Part (b) required them to prepare a checklist on factors of selecting hardware. It was noted here too that most candidates managed to state and explain the factors to consider when selecting hardware without any problem.

Part (c) required the candidates to explain the importance of having a disaster recovery plan. Majority of candidates explained it well but others did not fully explain it to get the required five marks that were allocated to the question.

QUESTION THREE

The general performance on this question was good. 4 out of the 6 candidates that attempted it managed to get at least 13 marks out of 25. The pass rate recorded was 66%. The highest mark scored was 16 out of 25 while the lowest was 11.

The question was divided into three parts. Part (a) required candidates to briefly explain any four opportunities that a knowledge base provides to an organization. Most candidates answered the question well.

Part (b) required the students to mention any two application controls. Most candidates listed the two applications correctly. The detailed physical and personal controls were also well explained by most candidates.

In part (c), was based on back-up arrangement. Most candidates explained physical controls well but personal controls were not clearly coming out.

QUESTION FOUR
The general performance on this question was fair. 3 out of the 6 candidates that attempted it managed to get at least 13 marks out of 25. The pass rate recorded was 83.3%. The highest mark scored was 17 out of 25 while the lowest was 8.

Question four was divided into three parts. Part (a) required the candidate to outline five reasons the business value that would drive many companies to install and extend intranet rapidly. Most candidates answered this question very well. Some candidates nevertheless were explaining the internet instead of the intranet.

Part (b) required the candidates to give three (3) benefits and two (2) management challenges of client-server networks. Some candidates could not explain what a client-server network was, so it was difficult for them to give the benefits and challenges.

Part (c) required candidates to list three (3) benefits and two drawbacks for using the internet. Most candidates answered this question correctly.

OVERALL PERFORMANCE OF CANDIDATES

  i.   Highest mark obtained in this paper: 72%
 ii.   Average score in this paper: 47.6%
iii.   Overall pass rate in this paper: 83.3%

SUBJECT: D2 FINANCIAL MANAGEMENT

QUESTION ONE

The general performance on this question was poor. None of the 9 candidates that attempted it managed to get above 13 marks out of 25. The pass rate recorded was 0%. The highest mark scored was 9 out of 25 while the lowest was 4.

The question was divided into three parts. Part (a) required candidates to estimate the annual growth rate of the ordinary dividends. Part (b) required candidates to calculate the weighted average cost of capital. Part (c) required candidates to state three (3) assumptions of the dividend valuation model.

Most of the candidates failed calculate the WACC. Calculation of growth rate was wrong. Students don't seem to know how to correctly calculate the growth rate. The calculation of the cost of debt posed some challenges. Bond calculation seems to be a problem to many students. IRR was also not well calculated. Most students do not know how to interpolate in order to calculate the IRR. There is need to discount at two (2) rates. A higher rate and a lower rate are both used. The lower rate will give you a positive NPV and a higher rate will give you a negative NPV.

The market values to be calculated should have been:
   (i)   Market value of ordinary shares.
   (ii)   Market value of preference shares.
   (iii)   Market values of redeemable bonds.

The above were wrongly calculated. As a result, the WACC was also wrongly calculated because of the wrong market values.

QUESTION TWO

The general performance on this question was very good. 6 out of the 8 candidates that attempted it managed to get 13 and above marks out of 25. The pass rate recorded was 75%. The highest mark scored was 17 out of 25 while the lowest was 6.

Part (a) required candidates to estimate the price range for JB Ltd's shares using different valuation methods. Part (b) required candidates to explain the reason for preparing consolidated financial statements and how this may be useful to the users of financial statements. Part (c) required candidates to explain the circumstances

where the parent may own only a minority of the voting power in the subsidiary, but still has control over the subsidiary. The question covered valuation methods and theory on consolidated financial statements. The few students that sat this paper generally performed well.

QUESTION THREE

The general performance on this question was poor. Only 2 out of the 8 candidates that attempted it managed to get above 13 marks out of 25. The pass rate recorded was 25%. The highest mark scored was 16 out of 25 while the lowest was 4.

Part (a) required candidates to calculate the best replacement policy for the taxis between a one year and a two (2) years cycle. Part (a) required candidates to explain the meaning of the term "rights issue" and four (4) draw backs of a rights issue to Cosmo Ltd. Some students avoided to respond to part (a) of this question. They avoided answering the question which carried a total of 15 marks. They went straight in answering part (b) forfeiting the 15 marks. This showed inadequate coverage of the syllabus by candidates.

QUESTION FOUR

The general performance on this question was also poor. None of the 8 candidates that attempted it managed to get at least 13 marks out of 25. The pass rate recorded was 0%. The highest mark scored was 10 out of 25 while the lowest was 4.

Part (a) required candidates to calculate the economic order quantity (EOQ), advise VMT enterprises the cost-minimising order size given the EOQ and other two options of ordering 120 units or 150 units and explain the limitations of the Economic Order Quantity model (EOQ). Part (b) required candidates to advise whether Bwembya Ltd should adopt the new policy or not. It may be assume that the volume of sales will be unaffected by the discount. Calculation of ordering costs was incorrectly done. In addition, the following were incorrectly calculated:

(i)   Current receivables.
(ii)   Reduction in receivables.
(iii)   Value of reduction in receivables.
(iv)   Discount allowed.
(v)   Net savings of the new policy.

OVERALL PERFORMANCE OF CANDIDATES

    i.   Highest mark obtained in this paper: 51%
    ii. Average score in this paper: 30.2%
    iii. Overall pass rate: 12.5%

SUBJECT: D3 BUSINESS TAXATION

QUESTION ONE

The general performance on this question was good. 5 out of the 8 candidates that attempted it managed to get 13 and above marks out of 25. The pass rate recorded was 62.5%. The highest mark scored was 15 out of 25 while the lowest was 10.

This question had two parts (a) and (b). In part (a) candidates were required to calculate the amount of mineral royalty tax paid by Luangwa Mining Corporation on the sale of minerals for the tax year 2020. Most of the candidates scored the full marks as the correctly calculated the mineral royalty tax paid.

In part (b) candidates were required to calculate the amount of company income tax payable by Luangwa Mining Corporation for the tax year 2020. Most of the candidates scored good marks as they added the disallowable expenses to the profit before tax ending up picking easy marks. However, a few ill prepared candidates failed to do so as they lacked knowledge of how to treat the disallowable expenses.

QUESTION TWO

The general performance on this question was poor. Only 1 out of the 8 candidates that attempted it managed to get above 13 marks (student got 16) out of 25. The pass rate recorded was 12.5%. The highest mark scored was 16 out of 25 while the lowest was 1.

In part (a) candidates were required to explain the basis of assessment for the profits generated by Malumbo in the final two tax years of trading. Most candidates have challenges in explaining the basis of assessment period and this time around a good number of them failed to correctly explain the basis period.

In part (b) candidates were required to calculate Malumbo's taxable business profit and his income tax payable for the last two tax years. You should assume that the tax rates for tax year 2020 apply to both tax years. Most of the candidates performance was fair in computing the taxable profits for tax year 2020, however the final taxable profits for the tax year 2021 was not correctly calculated.

In part (c), candidates were required to explain, from a property transfer tax perspective, the main advantage for Malumbo of disposing off the business as a whole compared to a disposal of individual assets. The performance on this part of the question was above average as most candidates had the knowledge.

In part (d) candidates were required to explain the VAT implications arising from the sale of Malumbo's business. This part of the question was well answered by most candidates.

Part (e) required candidates to explain what the VAT implications could have been if Malumbo had disposed of the individual assets instead of disposing off the business as a whole. The last part of the question was also well answered by most of the candidates.

QUESTION THREE

The general performance on this question was also poor. Only 2 out of the 8 candidates that attempted it managed to get at least 13 marks out of 25. The pass rate recorded was 25%. The highest mark scored was 17 out of 25 while the lowest was 8.

This question had three parts (a), (b) and (c). In part (a) candidates were required to explain what may constitute a loan to an effective shareholder. The performance of most candidates on this part of the question was below average as they failed to explain what may constitute a loan to an effective shareholder and lost the vital marks.

In part (b) candidates were required to calculate the amount of income tax payable by Kabwe Hamoonga for the tax year 2020.
The performance off most candidates was good was good as they correctly calculated the taxable income, however, some of them failed to arrange and present the answer in a logical and orderly manner.

In part (c) candidates were required to calculate the amount of company income tax payable by Zambezi Bank Plc for the tax year 2020. Most of the candidates earned above average marks on this part of the question as they picked easy marks such as adding back disallowable expenses to the income before income tax.

QUESTION FOUR

The general performance on this question was very good. 5 out of the 7 candidates that attempted it managed to get at least 13 marks out of 25. The pass rate recorded was 71.5%. The highest mark scored was 19 out of 25 while the lowest was 10.

This question had two parts (a) and (b) (i) and (ii). In part (a) candidates were required to explain the income tax and VAT implications of each option the directors

of Zack Plc are considering. Your answer should be supported by calculations where appropriate. The performance of most candidates was average as some of them either explained correctly but failed to compute.

In part (b) (i) candidates were required to explain the Value Added Tax implications for group of companies. This part of the question was well answered by most candidates and scored above average marks.

In part (b) (ii) candidates were required to calculate the VAT payable by each of the company in the group for the year ended 31 December 2020. You should indicate zero (0) on all supplies on which VAT is not chargeable or recoverable. Most of the candidates performed fair on this part of the question, however some of them had challenges in calculating the Input VAT and the Output VAT especially on the intra group transactions.

OVERALL PERFORMANCE OF CANDIDATES

    i.   Highest mark obtained in this paper: 58%
   ii.   Average score in this paper: 46%
  iii.   Overall pass rate in this paper: 50%

SUBJECT: D4 PERSONAL TAXATION

QUESTION ONE

The general performance on this question was excellent. All the 5 candidates that attempted it managed to get at least 13 marks out of 25, resulting in a 100% pass rate. The highest mark scored was 22 out of 25 while the lowest was 16.

The question had three parts. In part (a) candidates were required to explain how the income of the deceased's estate is treated for income tax purposes. The performance of most candidates was average with a few of them failing to correctly articulate the treatment of the estates of a dead person.

In part (b) candidates were required to calculate the amount of income tax payable by Mr. David Chilembi for the tax year 2020 and explain the person responsible for payment of this tax. The performance of some candidates was above average, however some of them failed to correctly apportion time to seven (7) months and ended up losing marks

Part (c) required candidates to calculate the amount of income tax payable on Mr. David Chilembi's estate and the inheritance due to Katwishi and Mapalo. Well prepared candidates scored the full marks, however a few of them failed to correctly calculate the apportionments.

QUESTION TWO

The general performance on this question was good. 3 out of the 5 candidates that attempted it managed to get 13 and above marks out of 25. The pass rate recorded was 60%. The highest mark scored was 19 out of 25 while the lowest was 17.

In part (a) (i) candidates were required to advise Chatengwa of the tax treatment of royalties received during the tax year 2020 and the amount of income tax payable for the same tax year. The performance was slightly on the border line however some of them failed to fully explain.

In part (a) (ii) candidates were required to advise Chatengwa of the tax implications arising from sale of intellectual properties during the tax year 2020. Candidates were expected to include appropriate calculations. The performance of most candidates was good as they picked easy marks leading to scoring full marks.

In part (b) candidates were required to advise Chakatazya of the type and amount of tax payable for the tax year 2020. Your answer should include an explanation of the treatment of expenses she will incur wholly and exclusively for business purposes. The performance by some of the candidates was good as they ably explained how to treat the expenses and also calculated the total tax payable. Some

nevertheless lost marks because they failed provide expected explanations on how to treat the expenses.

In part (c) (i) candidates were required to advise Jerry Kapimpa of the taxation implications arising from exercise of share options and subsequent sale of the shares. This part of the question was poorly answered by most of the candidates as they exhibited serious knowledge gap.

In part (c) (ii) candidates were required to explain how your answer to (c i) would be different if the share option scheme was approved for tax purposes.

This part of the question was poorly answered by most of the candidates as they exhibited serious knowledge gap.

QUESTION THREE
The general performance on this question was also good. 3 out of the 5 candidates that attempted it managed to get 13 and above marks out of 25. The pass rate recorded was 60%. The highest mark scored was 20 out of 25 while the lowest was 9.

This question had three parts (a), (b) (i) and (ii) and (c). In part (a) candidates were required to advise Mutale of tax assessment in respect of her business in the tax year 2020. Your answer should include appropriate calculations of the amount of tax payable in the tax year 2020, together with an explanation of the tax implications arising from the acquisition of capital assets and tax treatment of the expenses she will incur in running the business.

A fair number of candidates adequately explained the tax treatment and calculated correctly the monthly turnover tax payable.

In part (b) (i) candidates were required to calculate the amount of income tax payable by Fred for the tax year 2020. The performance of a good number of candidates was above average as they scored above 50% mark on part of this question.

In part (b) (ii) candidates were required to explain how rental income is taxed in the hands of an individual. This part of the question was correctly answered by most of the candidates and scored the full marks.

In part (c) candidates were required to explain the tax appeals process a tax payer should follow for the income tax payable assessed by the ZRA. Most of the

candidates had an understanding of the appeal procedure and scored the full marks.

QUESTION FOUR

The general performance on this question was poor. Only 1 out of the 5 candidates that attempted it managed to pass with a score of 14 marks out of 25. The pass rate recorded was 20%. The lowest was 4.

This question had three parts (a) and (b) (i) and (ii). In part (a) candidates were required to advise Lawrence of the taxation implications arising from each of the above sets of investment options.

Most of the candidates performance was good as the earned the full marks. However some of the candidates failed to do so due to lack of knowledge.

In part (b) (i) candidates were required to explain the basis of assessment for the profits generated by Emily in the final two (2) tax years. This part of the question was poorly answered as most of the candidates exhibited poor knowledge on basis assessment.

In part (b) (ii) candidates were required to compute the income tax payable by Emily for each relevant tax year assuming that the tax rates for tax year 2020 applies to both tax years. The performance of most candidates was slightly above average, however, time apportionment for the tax years by most of them was a challenge.

OVERALL PERFORMANCE OF CANDIDATES

   i.   Highest mark obtained in this paper: 64%
   ii. Average score in this paper: 55.8%
   iii. Overall pass rate in this paper: 80%

SUBJECT: D5 INTERNATIONAL TAXATION

QUESTION ONE

The general performance on this question was poor. Only 3 out of the 16 candidates that attempted it managed to get 13 and above marks out of 25. The pass rate recorded was 37.5%. The highest mark scored was 16 out of 25 while the lowest was 3.

This question had three parts (a), (b) and (c). In part (a) candidates were required to explain the meaning of reverse VAT and calculate the amount of VAT, if any, chargeable on the importation of services from Zambia. Your answer should include the treatment of this VAT. A good number of candidates scored an average marks on this part of the question as they ably explained and calculated the VAT charge.

In part (b) candidates were required to explain the tax treatment of income earned by David Akusu from Zambian sources for the tax year 2020. Your answer should include the computation of income tax payable by David Akusu for the tax year 2020. High performance from most of the candidates who are well prepared. They did manage to correctly calculate the income tax payable by David Akusu.

In part (c) candidates were required to advise Geofrey Chitewu of the amount of income tax payable for the tax year 2020. A good performance by most candidates, despite most of them not managing to calculate the correct income tax payable. Most of the easy marks were scored from the computation of taxable income.

QUESTION TWO

The general performance on this question was very good. 6 out of the 8 candidates that attempted it managed to get 13 and above marks out of 25. The pass rate recorded was 75%. The highest mark scored was 19 out of 25 while the lowest was 7.

This question had four parts (a) (i), (ii) and (iii), (b), (c) and (d). In part (a)(i) candidates were required to explain three (3) benefits and three (3) risks of globalization on the Zambian economy. Easy marks were earned by well- prepared candidates on this part of the question.

In part (a) (ii) candidates were required to explain the reasons why multinational enterprises make Foreign Direct Investments (FDI). This was equally an easy question to answer by well -prepared candidates. A good number of them managed to score the full marks as they were able to articulate with ease.

In part (a) (iii) candidates were required to explain any four (4) methods of Foreign Direct Investment (FDI). The performance of most candidates was slightly above average. Those who managed to score full marks did so with ease.

In part (b) candidates were required to explain the difference between the concept of source and concept of residence as they are applied in international taxation. This was poorly answered by most candidates as they failed to score full marks. They exhibited lack of knowledge.

In part (c), candidates were required to explain the main areas of interaction between human rights law and tax law in international taxation. This part of the question was poorly answered by most of the candidates as they failed to score the full marks. Most of them seem not to have understood the question requirement

In part (d) candidates were required to explain what is meant by regional economic grouping. A good number of candidates who attempted this question scored the full marks.

QUESTION THREE
The general performance on this question was very good. 6 out of the 8 candidates that attempted it managed to get 13 and above marks out of 25. The pass rate recorded was 75%. The highest mark scored was 20 out of 25 while the lowest was 10.

This question had two parts (a) (i), and (ii) and (b) (i) and (ii). In part (a) (i) candidates were required to explain any two (2) benefits of cross-border merging. A good number of well-prepared candidates ably explained the benefits of cross border merging and earned the full marks. However a few of them failed to do so due to lack of knowledge.

In part (a) (ii) candidates were required to calculate the income tax payable by Mupco Plc for the tax year 2020. This was an easy part of the question to answer especially for well -prepared candidates, however, a good number of them failed to compute the Double taxation Relief correctly leading to loss of vital marks.

In part (b) (i) candidates were required to briefly explain how an organisation can benefit from transfer pricing in terms of allocation of income to some members of the group. The performance of a good number of candidates was slightly above average

In part (b) (ii) candidates were required to explain the main problem of the arm's length principle and how it has been dealt by the OECD. The performance of a number of candidates was on the border line.

QUESTION FOUR

The general performance on this question was very good. 7 out of the 8 candidates that attempted it managed to get 13 and above marks out of 25. The pass rate recorded was 87.5%. The highest mark scored was 20 out of 25 while the lowest was 8.

This question had four parts (a), (b), (c) and (d). In part (a) candidates were required to explain what is meant by Thin Capitalization and how the rules are applied in Zambia to Multinational Corporations. The performance of most of the candidates on this part of the question was impressive as they ably explained what thin Capitalization is

In part (b) candidates were required to explain any five (5) roles of double taxation treaties.   The performance of most candidates was slightly above average as they did manage explain the roles of double taxation treaties

Part (c) required candidates to explain the application of money laundering legislation to foreign tax offences. This was a poorly answered part of the question by most candidates. Most of the answers were off tangent.

In part (d) candidates were required to explain the four (4) main co-operation models between revenue authorities. Most candidates performed well on this part of the question as they correctly explained the co-operation models.

OVERALL PERFORMANCE OF CANDIDATES

  i.   Highest mark obtained in this paper: 66%
  ii. Average score in this paper: 56%
  iii. Overall pass rate in this paper: 87.5%

SUBJECT: D6 TAX AUDIT AND INVESTIGATION

QUESTION ONE:
The general performance on this question was very good. 3 out of the 4 candidates that attempted it managed to get 13 and above marks out of 25. The pass rate recorded was 75%. The highest mark scored was 21 out of 25 while the lowest was 6.

This question had four parts (a), (b) (c) and (d). In part (a) candidates were required to briefly explain the nature, purpose and scope of tax audit. The performance of most well prepared candidates was above average as the correctly answered the question. However, some candidates went off the tangent by stating the purpose of a financial audit instead of a tax audit losing vital marks.

Part (b) candidates were required to explain how a tax audit appeal could be carried out. A good number of candidates clearly explained the steps to follow when making a tax appeal.

In part (c), candidates were required to briefly explain five (5) types of audit that can be undertaken by the tax audit team. Those candidates who were well prepared scored high marks in this part of the question as they correctly explained the types of audits. However a few candidates failed to correctly do so and ended up losing full marks.

Part (d) candidates were required to explain any (4) four circumstances that can give rise to sanctions if a tax payer fails to comply with the tax law. This part of the question was well answered as most of the candidates correctly stated the circumstances that may lead to sanctions being applied. They ended up scoring high marks.

QUESTION TWO
The general performance on this question was very good. 3 out of the 4 candidates that attempted it managed to get 13 and above marks out of 25. The pass rate recorded was 75%. The highest mark scored was 20 out of 25 while the lowest was 6.

This question had three parts (a) (i,ii,) (b) (c) (i,ii,iii). Part (a) required candidates to briefly explain, self –tax assessment tax system and administrative tax assessment system.

The question was poorly answered. On self-tax assessment tax system, most candidates failed to correctly explain the self –assessment leading to low marks scored.

Most candidates also lost marks on the question because they failed to correctly explain the administrative –assessment.

In part (b) candidates were required to discuss whether it may be easier to determine fair assessments for sole traders than for companies. This was fairly answered as they ably discussed the assessments for sole traders and companies.

Part (c) required turnover tax on the undeclared income, the penalty Molly Wholesaler should be charged for negligence as well as total tax payable by Molly wholesaler. A good number of candidates scored full marks as they correctly calculated the turnover tax and penalty for undeclared income. Some candidates nevertheless lost marks as they used the wrong time period instead of 10 months.

QUESTION THREE

The general performance on this question was poor. None of the 4 candidates that attempted it managed to get 13 and above marks out of 25. The pass rate recorded was 0%. The highest mark scored was 11 out of 25 while the lowest was 6.

This question had two parts (a) and (b) (i, ii, iii). In part (a) candidates were required to briefly outline (3) factors that should be considered before a standard method of taxing business in the telecommunication sector is implemented. This part of the question was poorly answered as most of the candidates failed to state the factors leading them to losing the vital marks

Part (b) of the question required candidates to calculate capital allowances for the tax, adjusted business profit as well as income tax payable tax payable for year 2020. Failure to adjust the cost of the items by VAT inclusive resulted in loss of marks by the candidates.

QUESTION FOUR

The general performance on this question was very good. 2 out of the 4 candidates that attempted it managed to get 13 and above marks out of 25. The pass rate recorded was 50%. The highest mark scored was 13 out of 25 while the lowest was 5.

This question had three parts (a) (i,ii, iii) and (b). In part (a) (i), candidates were required to briefly explain any five (5) type of enterprises on which tax investigation can be conducted regarding transfer Pricing. Well prepared candidates scored high marks from this part of the question as this merely required book knowledge.

The second part of (a) was well attempted by students. Those that could not compute indexation allowances ended up failing to compute the indexed losses and lost the marks.

OVERALL PERFORMANCE OF CANDIDATES

i.   Highest mark obtained in this paper: 62%
ii.   Average score in this paper: 34%
iii. Overall pass rate in this paper: 75%