DECEMBER 2022

CHIEF EXAMINERS' REPORTS

TAXATION PROGRAMM

SUBJECT: C1 - BUSINESS MANAGEMENT

QUESTION ONE

The general performance on this question very good. 5 out of the 7 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 71%. The lowest score was 9, whilst the highest was 18 out of 20 marks.

This question had three parts: (a), (b) and (c) and all the 7 candidates attempted this question.

Part (a) asked the candidates to state five (5) steps in the planning process.
Most candidates got this part correctly and managed to get good points

Part (b) asked the candidates to explain what makes a good policy on sexual harassment in an organization.
Most candidates failed to explain the qualities of a good policy in an organization.

Part (c) requested candidates to explain the advantages of participative planning.
Most candidates did very well on this question.

QUESTION TWO

The general performance on this question good. 4 out of the 7 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 57%. The lowest score was 0, whilst the highest was 18 out of 20 marks.

This had three parts: (a) and (b). The question was on the business environment.

Part (a) asked the candidates to explain the legal factors of the business environment may influence decision making in an organization
Majority of the candidates lost marks because they just explained the legal factor but could not explain how it affects decision making in an organization.

Part (b) asked candidates to explain the recruitment process
None of the candidates got full marks on this question. The challenging was to explain stages or the process involved.

QUESTION THREE

The general performance on this question very poor. 0 out of the 7 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 0%. The lowest score was 0, whilst the highest was 9 out of 20 marks.

This question had three parts: (a), (b), (c) and (d). All the 7 candidates failed this question. The question was on the process of research and;

Part (a) asked the candidates to define Marketing Research
Part (b) asked candidates to state the five (5) steps of the Marketing Research process.
Part (c) asked candidates to distinguish between Qualitative and Quantitative research and;
Part (d) asked candidates to define and explain why sampling is important in research.

QUESTION FOUR

The general performance on this question poor. 2 out of the 7 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 28%. The lowest score was 0, whilst the highest was 14 out of 20 marks.

This question had three parts: (a) and (b).

Part (a) required candidates to explain six (6) characteristics of good information required for planning and decision making in an organization.
The question was poorly answered by majority candidates

Part (b) required candidates to outline four (4) methods on how a newly employed individual can learn the culture of the organization.
The question was poorly answered by majority candidates.

QUESTION FIVE

The general performance on this question was very poor. 1 out of the 7 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 14%. The lowest score was 0, whilst the highest was 11 out of 20 marks.

This question had two parts: (a), (b) and (c).

Part (a) asked the candidates to define the aim of business management.
Part (b) asked candidates to identify the important characteristics that constitutes any organization and make it possible to accomplish its goals
Part (c) asked the candidates to describe the four major elements of strategic plans

Almost all the candidates failed to give satisfactory answers to these question. Candidates showed lack of preparedness.

Overall performance of candidates

Highest mark obtained in this paper: **46%**
Lowest mark obtained in this paper: **11%**
Overall pass rate in this paper: **0%**

SUBJECT: C2 - Financial Mathematics and Economics

QUESTION ONE

The general performance on this question was poor. 3 out of the 9 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 33%. The lowest score was 5, whilst the highest was 16 out of 20 marks.

This was divided into four (4) parts (a), (b), (c) and (d) as follows:

(a) Required candidates to distinguish between Marginal Propensity to Consume and Marginal Propensity to save. Performance was very poor. Candidates are urged to study the entire syllabus when preparing for exams

(b) Required candidates to explain disposable income. This was fairly done though there were many unconnected answers

(c) Required candidates to distinguish between tax Avoidance and \Tax Evasion. Many candidates wrote the same wrong things for both.

(d) Required candidates to explain the measures government can put in place to reduce tax burden on PAYE. This was well answered by majority. The few that failed kept on repeating similar points while others used general knowledge.

QUESTION TWO

The general performance on this question was poor. 3 out of the 9 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 33%. The lowest score was 2, whilst the highest was 20 out of 20 marks.

This was divided into two (2) parts (a) and (b) as follows:

(a) Required candidates to explain (i) Absolute Advantage Theory and (ii) Comparative Advantage Theory. Majority of the candidates failed this part of the question. The key to a country having Absolute Advantage is that it must use fewer resources to produce a good than its trading partner. For Comparative Advantage, a country must produce a good at lower opportunity cost than its trading partner. Many of the answers given were

(b) Required candidates to explain the characteristics of money and the functions of money. This was a simple question which surprisingly majority of candidates got wrong. Some candidates merely listed the characteristics and the functions. Others, were totally off the mark. Candidates are strongly urged to study the entire syllabus when preparing for the exam.

QUESTION THREE

The general performance on this question was fair. 4 out of the 9 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 44%. The lowest score was 0, whilst the highest was 20 out of 20 marks.

This examination has compulsory question hence candidates attempted all the questions.

The question had three parts:

Part a) required candidates to use the concept of compound interest to calculate the future value of an investment. It was observed that some candidates managed to solve this part without much challenges. The candidates who failed this question were observed to have been using a wrong formula and also it was noted that the number of compounding which was semi-annually was supposed to be n=2, but candidates could not use the value 2 in their calculation.

Part b) required to use the same concept of compound interest but with only adjustment of the number of times of compounding to monthly, and daily. It was observed again that the mistakes made in part a) were made, that is using a wrong formula and failure to use n=12 and n=365 for monthly and daily compounding respectively.

Part c) required candidates to use the given information to calculate the monthly amount to paid for a mortgage in 15 years. Candidates who passed this question demonstrated good knowledge of solving this question with the use of correct formula. The candidates who failed were observed to have used wrong formula and wrong replacement of values in the formula.

It would therefore be important to notify candidates in being able to differentiate formula used on compound interest and mortgages calculations, candidates were swapping the formulas.

QUESTION FOUR

The general performance on this question was good. 5 out of the 9 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 56%. The lowest score was 0, whilst the highest was 20 out of 20 marks.

The question had two parts,

Part a) was on the topic of regression analysis. Candidates were required to use the given table data to find the regression line and also to find the correlation coefficient.

It was observed that summations in the table were correctly done by the candidates, but the mistakes made by candidates was just computation as there was adequate demonstration of knowledge of use of correct formula.

Part b) of the question required candidates use the concept of demand and supply to find the equilibrium price and effect of tax on price of goods. Candidates demonstrated knowledge in using the correct formula but challenges in most candidates were on the ability to equate the demand and supply equations. The wrong values of quantity and price obtained affected the calculation in the part ii) requiring incorporation of tax on price of good.

The examiners are therefore advising candidates to take keen interest to understand the difference between the demand and supply equation, and also to know the meaning of equilibrium price and quantity.

QUESTION FIVE

The general performance on this question was poor. 2 out of the 9 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 22%. The lowest score was 0, whilst the highest was 12 out of 20 marks.

The question hard two parts,

Part a) required candidates to use the concept of normal distribution to find required probabilities. There was an observed lack of knowledge of reading the z-tables, and general wrong use of specified inequality signs. This led to candidates being able to find correct z-values but could not use the values successfully to obtain the probabilities. There should be more emphasis on how to read z-tables in order to succeed in normal distribution equations

Part b) required candidates to use to methods the NPV and IRR to make a decision on worthiness of investment. Candidates had challenges in using the IRR due to seemingly lack of knowledge of the required concept. Most candidates demonstrated knowledge of use of NPV but were observed to have been making computation errors in replacing required values in the equation.

Overall performance of candidates

Highest mark obtained in this paper: **86%**
Lowest mark obtained in this paper**: 13%**
Overall pass rate in this paper: **22.2%**

SUBJECT: C3 - ACCOUNTANCY FOR TAX PRACTITIONERS

QUESTION ONE

The general performance on this question was good. 5 out of the 9 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 55%. The lowest score was 0, whilst the highest was 15 out of 20 marks.

Part "a" required candidates to reconcile the cash book balance to that of bank statement at 31 January 2022. The candidates failed to reconcile the opening balances at start of January 2022.

Part "b" had two parts. Part b (i) required candidates to prepare a statement of Profit or Loss and appropriation account. No specific difficult was noticed. Good answers were given. Part b (ii) required candidates to prepare each partner's current accounts for the year. Some candidates wrongly posted T. Zulu's opening balance to the credit side instead of debit side.

QUESTION TWO

The general performance on this question was good. 5 out of the 8 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 63%. The lowest score was 4, whilst the highest was 19 out of 20 marks.

Part "a" required candidates to prepare a suspense account. Very poor answers were given. Candidates failed to identify the errors affecting the agreement of the trial balance which should have been included in the trial balance and candidates just put figures without narrations and lost marks.

Part "b" required candidates to prepare a statement of Profit or Loss account. The only notable error was the omission of Depreciation expense on the new motor vehicle i.e.
25% x K4,000 = K1,000.

Part "c" required candidates to prepare a statement of Financial Position. This was well answered.

QUESTION THREE

The general performance on this question was fair. 3 out of the 7 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 42%. The lowest score was 0, whilst the highest was 14 out of 20 marks.

Part "a" required candidates to prepare a statement of cashflows for a sole trader. Answers were poorly presented. Candidates failed to start with the given net profit of K30,000 and failed to add back the interest paid in line with IAS 7 which requires that the profit before interest and tax should be used. Under investing activities, candidates failed to pick payments to acquire PPE. Under financing activities, candidates failed to identify drawings as a cash outflow.

Part "b" required candidates to explain why he has a bank overdraft in the year when he had a higher profit. Candidates failed to associate the overdraft to high expenditure on PPE.

QUESTION FOUR

The general performance on this question was very good. 7 out of the 9 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 77%. The lowest score was 8, whilst the highest was 19 out of 20 marks.

Part "a" required candidates to calculate the receivables and payables days. This part was not answered by many candidates but the few who answered, got the right answers.

Part "b" required candidates to prepare a statement of Profit or Loss. This was well answered.

Part "c" requires candidates to prepare a statement of Financial Position. This was well answered.

QUESTION FIVE

The general performance on this question was poor. 2 out of the 6 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 33%. The lowest score was 2, whilst the highest was 13 out of 20 marks.

Part "a" required candidates to calculate account ratios. Those who attempted fared badly. Candidates are encouraged to adequately cover all parts of the subject syllabus.

Part "b" required candidates to redraft the given receivables ledger control Account. Those who attempted had no adequate skill on how to correct errors involving Receivables ledger control account.

OVERALL PERFORMANCE OF CANDIDATES

Highest mark obtained in this paper: **71%**
Lowest mark obtained in this paper: **13%**
Overall pass rate in this paper: **33.3%**

SUBJECT: C4 - DIRECT TAXES

QUESTION ONE

The general performance on this question was fair. 8 out of the 19 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 42%. The lowest score was 1, whilst the highest was 15 out of 20 marks.

This question was on the taxation of a manufacturing public company and had three parts (a), (b) and (c).

 In these parts candidates were required to calculate the capital allowances claimable, tax adjusted business profit and company income tax payable for tax year 2022 respectively for the given company.

Comment on Performance of candidates:

The performance in part a, on Capital allowances was below average. Most candidates lacked knowledge and application skills and failed to fully calculate the applicable capital allowances.
The performance in parts b and C was exceptionally good, despite some of them failing to correctly calculate the company income tax payable.

QUESTION TWO

The general performance on this question was very good. 13 out of the 19 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 68%. The lowest score was 5, whilst the highest was 18 out of 20 marks.

This question was on the taxation of self-employed persons and presumptive taxes and had   two parts (a) and (b).

In part (a) candidates were required to calculate the income tax payable by a given self-employed person for the tax year ended 31 December 2022. And in part (b) candidates were required to define turnover tax and to explain any four benefits to transport operators of the presumptive tax as opposed to the regular tax systems.

Comment on Performance of candidates:

The performance in both parts of the questions was good. However, some candidates could not correctly calculate the capital allowance on a motor car.

QUESTION THREE

The general performance on this question was very good. 13 out of the 18 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 72%. The lowest score was 2, whilst the highest was 19 out of 20 marks.

This question was on Property Transfer Tax (PTT) issues and had two parts (a) and (b).

In part (a) candidates were required to explain the general rule that is used in determining the realized value of property for PTT purposes as well as the meaning of an immediate family and how the realized value is determined in this case. This part also required candidates to mention any six documents which are required to evidence a property transfer transaction.

In part (b) candidates were required to give an account of the PTT implications of given transactions and to accordingly calculate PTT where this was the case.

Comment on Performance of candidates:

In part (a) (ii) some candidates could not state that where a person transfers a property to an immediate family member, realized value of such property is the actual value price received, if any, by the transferor and ended losing marks.

QUESTION FOUR

The general performance on this question good. 11 out of the 19 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 57%. The lowest score was 1, whilst the highest was 18 out of 20 marks.

This question was mostly on the taxation of persons operating a business as partners and was divided into four parts (a), (b), (c) and (d).

In part (a) candidates were required to explain the difference between a penalty and an interest charge in relation to tax commitments**.**

And in parts (b), (c) and (d) candidates were variously required to calculate the capital allowances for the partnership and individual partners, taxable business profits, appropriation of that profit between the partners and actual tax payable by one selected partner in tax year 2022.

Comment on Performance of candidates:

Part b computation on capital allowances was not correctly calculated by most candidates as they failed to do so exhibiting high levels of application inadequacies. And in part (c), regarding partnership time apportionment, the performance was very poor as most of the candidates failed to calculate the applicable residue profit for the two periods

Part (d) was also not well answered as most candidates failed to correctly calculate the taxable income

QUESTION FIVE

The general performance on this question was very good. 13 out of the 19 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 68%. The lowest score was 4, whilst the highest was 20 out of 20 marks.

This question was on the taxation of employment income and was divided in two parts (a) and (b).

In part (a) candidates were required to calculate the final amounts of income tax payable for charge year 2022 by a given person who was employed and retired in 2022 and to advise when this calculated final income tax payable was payable

In part (b) candidates were required to explain any seven (7) tests that could be used by Zambia Revenue Authority (ZRA) to distinguish between an employee and a self-employed person for taxation purposes.

Comment on Performance of candidates:

Some candidates failed to time apportion to eleven months in part (a) and failed to calculate the correct taxable amount and lost vital marks.

The performance on the part (b) was exceptional good.

Overall performance of candidates

Highest mark obtained in this paper: **85%**
Lowest mark obtained in this paper: **13%**
Overall pass rate in this paper: **73.7%**

SUBJECT: C5 - INDIRECT TAXES

QUESTION ONE

The general performance on this question was very good. 15 out of the 19 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 79%. The lowest score was 0, whilst the highest was 18 out of 20 marks.

This question was on Value added Tax (VAT) and had three parts (a), (b) and (c). In part (a) candidates were required to calculate the amount of VAT payable/refundable for the month of May 2022 by a given company.

In parts (b) and (c) candidates were required to explain the circumstances that may lead to a given company to be deregistered for VAT purposes and the changes to a business which do not lead to cancellation of Value Added Tax (VAT) registration.

Comment on performance of candidates:

Part (a) of the question was poorly answered as most candidates lamentably failed to correctly calculate both the output and input VAT and lost vital marks.
However, Part (b) was well answered by most candidates.

QUESTION TWO

The general performance on this question was very good. 16 out of the 19 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 84%. The lowest score was 6, whilst the highest was 20 out of 20 marks.

This question was on Value Added Tax (VAT) regulations and was divided into four parts (a), (b), (c) and (d).

In part (a) and (b) candidates were required to define the term 'taxable value' and to state any six (6) examples of Taxable supplies.

In parts (c) and (d) candidates were variously required to   explain   six   (6) obligations of a VAT (Value Added Tax) registered supplier and how the tax point for reverse charge and lease rentals are determined.

Comment on performance of candidates:

In part (b) some candidates failed to give correct examples of taxable supplies and lost vital marks
Part (c) was generally good
In part (d) (i) some candidates failed to determine the correct tax point on Reverse charge.

QUESTION THREE

The general performance on this question was very good. 16 out of the 19 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 84%. The lowest score was 4, whilst the highest was 19 out of 20 marks.

This question was on the computation of import taxes, VAT cash accounting system, VAT bad debt relief and standard rated banking and financial services which had two parts (a) and (b).

In part (a) candidates were required to calculate the import duty and other related taxes paid by a given tax payer and to explain the documents a customs officer would request an importer to submit on the importation of the motor vehicle.

In part (b) candidates were required to explain the conditions under which Value Added Tax (VAT) paid to Zambia Revenue Authority (ZRA) but not received from an insolvent client may be claimed back as a Bad debt relief and to state any four (4) financial and banking services that are Standard rated.

Comment on performance of candidates:

The performance was good on part (a)
In part (b) (i) most of the candidates failed to state the conditions applicable under VAT on insolvent customer.
In part b (ii) a few candidates failed to correctly state the financial and various banking services that are standard rated
In part four (4) some candidates failed to fully explain the originating criteria under COMESA and lost vital marks

QUESTION FOUR

The general performance on this question was fair. 9 out of the 19 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 47%. The lowest score was 3, whilst the highest was 20 out of 20 marks.

This question was founded on legal requirements related to currency declaration, international trade agreements and excise duty and was divided into three parts (a), (b) and (c).

In part (a) candidates were required to explain the meaning of Currency declaration and the consequences of any person who refuses or makes a false and or incorrect declaration.

In part (b) candidates were required to explain the five (5) origin conferring criteria for goods to be accepted as originating in a member state and to state five (5) issues

on which the COMESA Customs Union is focused.

In part (c) candidates were required to calculate the excise duty and VAT payable on a product at given tax rates.

QUESTION FIVE

The general performance on this question was good. 11 out of the 19 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 58%. The lowest score was 1, whilst the highest was 19 out of 20 marks.

This question was on the VAT implications of industries in the construction industry and value for duty purposes on imported and exported goods and had two parts (a) and (b).

In part (a) candidates were required to explain how the taxable value in the construction sector and the tax point on services are determined and to define the tax point in the same industry.

In part (b) candidates were required to explain four (4) conditions that should be met in order for the transaction value method to be used and to describe and explain two other methods used and the conditions under which each of them can be used. Also candidates were required to state any four (4) documents which can be given as poof of exportation of goods

Comment on performance of candidates:

In part (a) (i), (ii) and (iii), candidates performed well
In part (b) (i) most candidates' performance was not good as they failed state the conditions required for transaction value to be used.
In part (b) (ii) and (iii) some candidates failed to describe and explain the correct methods to use on imported motor vehicles

Overall performance of candidates

Highest mark obtained in this paper: **86%**
Lowest mark obtained in this paper: **25%**
Overall pass rate in this paper: **78.9%**

SUBJECT: C6 LAW FOR TAX PRACTIONERS

QUESTION ONE

The general performance on this question was very good. 13 out of the 17 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 76%. The lowest score was 0, whilst the highest was 18 out of 20 marks.

This question was compulsory and demanded students to demonstrate knowledge of contract law. Most candidates were able to deal with this question. They were also able to bring out all the elements with ease. However, few students showed limited knowledge on the topic. The way forward for all prospective candidates is to take enough time to study the topic and be able to support their answer with legal authorities. For the future students are advised to revise the topic and appreciate all its incidents. The Zica manual is adequate for this topic.

QUESTION TWO

The general performance on this question was very good. 13 out of the 17 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 76%. The lowest score was 4, whilst the highest was 17 out of 20 marks.

This was a three-part question. The first part required them to compare and contrast (i) the Constitution and Acts of Parliament, (ii) Acts of Parliament and Delegated Legislation and (iii) Case law and Customary law. The second part required the students to discuss Constitutional Supremacy. For the future students should be helped in this area. The third part required the students to distinguish criminal law from civil law premised on liability; future students should be helped in this area also.

QUESTION THREE

The general performance on this question excellent. 15 out of the 17 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 88%. The lowest score was 8, whilst the highest was 20 out of 20 marks.

The question was made up of five parts covering sole proprietorship, ultra vires doctrine, agency by ratification, duties of a liquidator and capacity to enter into an

employment contract. All candidates passed the question except for about three who failed to grasp the dictates of the question. No challenges were faced.

QUESTION FOUR

The general performance on this question excellent. 17 out of the 17 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 100%. The lowest score was 12, whilst the highest was 19 out of 20 marks.

This was a situational question and had three parts. The first part required the students to explain the following statement, "a company is a person just like us, and it can do nearly anything that a human being can do". Future students can also be helped to understand this principle. The second part required them to explain the features of a Sole trader business. Students did pretty well. The third part required them to explain whether beer can be bought on hire–purchase.

QUESTION FIVE

The general performance on this question was excellent. 16 out of the 17 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 94%. The lowest score was 8, whilst the highest was 20 out of 20 marks.

The question was made up of four parts covering Negotiable instruments, insurance contracts, joint venture partnerships and negligence. The candidates answered the question accordingly with a most candidates getting above 50% of the question.

Overall performance of candidates

Highest mark obtained in this paper: **89%**
Lowest mark obtained in this paper: **43%**
Overall pass rate in this paper: **88.2%**

SUBJECT: D1 – BUSINESS INFORMATION MANAGEMENT

QUESTION ONE

The general performance on this question was good. 6 out of the 9 candidates that attempted it managed to get at least 13 marks out of 25. The pass rate recorded was 66.7%. The highest mark scored was 20 out of 25 while the lowest was 9.

The question was about collaboration and communication systems, principles of Data Protection Act and types of information systems used to support organisations.

The common mistakes were as follows:

i.   Most student failed to outline principles of Data Protection Act correctly
ii. Some students struggled to apply the types of information systems used in organisations. They used general knowledge to explain the concept in the question.

QUESTION TWO

The general performance on this question was very good. 7 out of the 9 candidates that attempted it managed to get at least 13 marks out of 25. The pass rate recorded was 77.8%. The highest mark scored was 22 out of 25 while the lowest was 9.

The question was about fact finding techniques or requirements from stakeholders before developing a system, main factors that affect the overall risk of failure of IT projects within organisations.

Some students were not giving the correct factor that affects the overall risk of failure of IT projects correctly and consequently lost marks. They would give two examples that are literally falling into the same category of what is expected.

QUESTION THREE

The general performance on this question was poor. 3 candidates out of 9 got 13 marks and above out of 25 marks. The pass rate was 33.3%. The candidate that scored highest got 24 out of 25 while the lowest got 0 out of 25.

The question was about drawing a network diagram, using the activity on node approach, identifying all possible paths, critical path in the network diagram and listing any five types of tests that can be used to test a system being developed.
The following were the common mistakes noted in this question:

i. Some students were drawing an activity on arrow instead of activity on node network diagram. They could not show all the required times stated in the question.

ii. Some students did not list the correct types of test used to test a system being developed for an external client

QUESTION FOUR

The general performance on this question was good. 5 out of the 9 candidates that attempted it managed to get at least 13 marks out of 25. The pass rate recorded was 55.6%. The highest mark scored was 16 out of 25 while the lowest was 0.

The question was about identifying threats to information systems, types of relationship used in entity relationship modelling, broad classification of outsourcing, search engines used to search for information on the web and distinguishing internet from extranet.

The following were the common mistakes noted in this question:

i. Most students could not outline the types of relationships used in entity relationship modelling.

ii. Some students could not explain the types of broad classification outsourcing. They had no idea of what it is all about.

iii. Most students were mistaking the browser with the search engine

Overall performance of candidates

Highest mark obtained in this paper: **73%**
Lowest mark obtained in this paper: **29%**
Overall pass rate in this paper: **55.6%**

SUBJECT: D2 – FINANCIAL MANAGEMENT

QUESTION ONE

The general performance on this question was poor. 4 out of the 17 candidates that attempted it managed to get at least 13 marks out of 25. The pass rate recorded was 23.5%. The highest mark scored was 20 out of 25 while the lowest was 5.

Some candidates lost marks because they wrongly calculated the inflated receipts due to the non-adjustment of the general inflation. Wrong use of the discount rate of 12% (The yearly after-tax cost of capital as stated in the question) resulted into a wrong Net Present Value (NPV).

QUESTION TWO

The general performance on this question was poor. 8 out of the 16 candidates that attempted it managed to get at least 13 marks out of 25. The pass rate recorded was 50%. The highest mark scored was 17 out of 25 while the lowest was 4.

The common mistakes on parts (a), (b) and (c) were in a number of instances answered without required computations for the rights issue. In part (d), the mistake was to provide answers that were not well explained enough to earn the full marks.

QUESTION THREE

The general performance on this question was fair. 7 out of the 16 candidates that attempted it managed to get at least 13 marks out of 25. The pass rate recorded was 43.8%. The highest mark scored was 16 out of 25 while the lowest was 9.

The common mistakes noted included the following on parts (a) to (c):

(a) Market value of Debenture for K100 nominal was being incorrectly calculated. This was due to incorrect calculation for period 1-5 years @ 12%. This is an annuity which was not well calculated.
(b) Some candidates were unable to distinguish between a Holding company, a subsidiary and an associate.
(c) Candidates were able to identify the four key areas but unable to explain how these key areas affect decision making.

.
QUESTION FOUR

The general performance on this question was very poor. 2 out of the 16 candidates that attempted it managed to get at least 13 marks out of 25. The pass rate recorded was 12.5%. The highest mark scored was 15 out of 25 while the lowest was 1.

The candidates' performance was poor because out of 16 who attempted this question, only 2 passed representing a pass rate of 12.5%. Calculations in part (a) for the asset and equity beta, cost of equity, cost of debt and WACC were made incorrectly by a number of students resulting in poor performance.

Overall performance of candidates

Highest mark obtained in this paper: **54%**
Lowest mark obtained in this paper: **8%**
Overall pass rate in this paper: **35.3%**

SUBJECT: D3 – BUSINESS TAXATION

QUESTION ONE

The general performance on this question was very good. 8 out of the 12 candidates that attempted it managed to get at least 13 marks out of 25. The pass rate recorded was 66.7%. The highest mark scored was 19 out of 25 while the lowest was 11.

This question was on taxation of persons in partnership and the liquidation process of companies and had two parts (a) and (b).

In parts (a) and (b) candidates were required to calculate the partnership's tax adjusted business profit for the tax year 2022, before division among the partners and the amount of the business profits on which each partner will be assessed, for the tax year 2022.

In part (c) candidates were required to explain the Liquidation process of a company.

In part (a) some candidates failed to correctly calculate the adjusted partners business profit because they wrongly apportioned the motor car running expenses.
In part (b) most of the candidates failed to correctly time apportion the balance to be shared amongst the partners due to lack of application skills on computing partnership especially sharing the residue balance. Part (c) on the other hand was generally well answered.

QUESTION TWO

The general performance on this question was good. 5 out of the 12 candidates that attempted it managed to get at least 13 marks out of 25. The pass rate recorded was 41.7%. The highest mark scored was 17 out of 25 while the lowest was 7.

This question was on the taxation of a Zambian resident manufacturing company which was not registered on the Lusaka Securities Exchange which was divided into three parts (a), (b) and (c).

In these parts the candidates were required to calculate the maximum capital allowances claimable, the taxable business profit and income tax payable by the company for the tax year 2022.

In part (a) well prepared candidates correctly calculated the capital allowances, however, some candidates failed to do so on the office equipment as it involved disposal proceeds.

Part (b) was well answered by most candidates despite some of them failing to calculate the correct final taxable business profit.

In part (c) most candidates failed to calculate the withholding tax on debenture interest and as such lost the vital marks.

QUESTION THREE

The general performance on this question was good. 7 out of the 12 candidates that attempted it managed to get at least 13 marks out of 25. The pass rate recorded was 58.3%. The highest mark scored was 17 out of 25 while the lowest was 8.

This question was on taxation of a farming income of an individual and a Zambian resident subsidiary of a foreign based multinational engaged in mining of base and industrial metals and had two parts (a) and (b).

In part (a) candidates were required to explain what is meant by Farm improvements and Farm works giving an example of each type of expenditure and to calculate the taxable farming profit for the tax year 2022.

In part (b) candidates were required to explain the Property Transfer Tax (PTT) implications of the transfer of property within a group of companies and to calculate the taxable Mining profit and income tax payable by the given company for the tax year 2022.

Part (a) of this question was well answered by most candidates
In part (b) (i) some candidates failed to correctly articulate the Property Transfer Tax where it was applicable.

In part (ii) a few candidates failed to correctly compute the final income tax payable because of wrong adjustments on bank interest.

QUESTION FOUR

The general performance on this question was poor. 4 out of the 12 candidates that attempted it managed to get at least 13 marks out of 25. The pass rate recorded was 33.3%. The highest mark scored was 17 out of 25 while the lowest was 4.

This question was on the taxation of Zambian resident company engaged in the provision of banking services and had three parts (a), (b) and (c).

In these parts candidates were required to calculate the adjusted business profit as well the amount of income tax payable by the company for the tax year 2022 and to explain the consequences of the late payment of the tax so calculated and that of submitting the self-assessment income tax return for the tax year 2022 late

In part (a) most candidates failed to calculate the capital allowances applicable and lost some marks.

In part (b) a high number of candidates had a wrong adjusted business profits and eventually a wrong income tax payable.

In part (c) most of the candidates failed to state the consequences for late payment The general performance on this question was below average at 33%.

Overall performance of candidates

Highest mark obtained in this paper: **65%**
Lowest mark obtained in this paper: **35%**
Overall pass rate in this paper: **41.7%**

SUBJECT: D4 – PERSONAL TAXATION

QUESTION ONE

The general performance on this question was very good. 7 out of the 10 candidates that attempted it managed to get at least 13 marks out of 25. The pass rate recorded was 70%. The highest mark scored was 22 out of 25 while the lowest was 3.

This question was on taxation of an individual in receipt of both employment and investment income and the tax implications of employee share option schemes which had two parts (a) and (b).

In part (a) candidates were required to calculate the income tax payable by the given individual for tax year 2022.

And in part (b) candidates were required to explain any six (6) conditions that must be met by the given company for the Commissioner General to approve a share option scheme, describe the procedure which should be followed to have a share option scheme approved for tax purposes and to explain three (3) tax benefits that will arise for a company if the share option scheme is approved for tax purposes

In part (a) most candidates were unable to apportion the income according to time and therefore failed to calculate the income tax payable, therefore losing vital marks. Part (b), (i) (ii) and (iii) was generally answered by well-prepared candidates despite some candidates' failure to state the tax benefits for UNI plc

QUESTION TWO

The general performance on this question was fair. 4 out of the 10 candidates that attempted it managed to get at least 13 marks out of 25. The pass rate recorded was 40%. The highest mark scored was 17 out of 25 while the lowest was 5.

This question was on the taxation of individuals engaged in businesses of a fashion boutique, renting of furnished properties and transportation of public passengers and had two parts (a) and (b).

In part (a) candidates were required to provide explanations of how each of the above businesses would be assessed to tax in the charge year 2022.

And in part (b) candidates were required to prepare computations of the amount of income tax paid in the tax year 2022, by each of the given tax payers, stating the relevant dues dates for the payment of the taxes arising in each case:

The performance of candidates was not impressive they failed to correctly state the tax treatments of the respective clients.

Part (b) of the question was well answered by well-prepared candidates, however most of them had challenges in computing the presumptive taxes and lost good marks.

QUESTION THREE

The general performance on this question was excellent. 9 out of the 10 candidates that attempted it managed to get at least 13 marks out of 25. The pass rate recorded was 90%. The highest mark scored was 21 out of 25 while the lowest was 12.

This question was on the tax implications of an individual who set up his own construction business on whose profits he made self-assessment involving business and investment incomes which was queried by ZRA Tax Auditors. The question had three parts (a), (b), and (c).

In parts (a) and (b) candidates were required to explain the reasons why the ZRA tax auditors had queried self- employed status of an individual who worked for the construction company and the factors the construction company and the worker would use to defend the self-employed status.

In part (c) of the question candidates were required to calculate the amount of the tax the adjusted business profit and amount of income tax payable for the period ended 31 December 2022 on the assumption that the worker was held to be self-employed in relation to the contract he signed with the company.

Part (a) and (b) of the question was well answered by most candidates and scored good marks however in part (c) some of them failed to compute the applicable capital allowances by applying wrong rates on certain business assets.

In part (c) (ii) some candidates failed to calculate the correct income tax payable because of failure to apply the rightful grossed up commission and royalties income

QUESTION FOUR

The general performance on this question was very good. 7 out of the 10 candidates that attempted it managed to get at least 13 marks out of 25. The pass rate recorded was 70%. The highest mark scored was 21 out of 25 while the lowest was 5.

This question is on the taxation of a non- Zambian who is employed to work on contract in Zambia for a Zambian company which is foreign owned to the tune of 80%. The individual in question is also in receipts foreign investment income during the tenure of his contract in Zambia.

The question had three parts (a), (b) and (c).
In part (a) and (b) candidates were required to advise employee as to whether he would be regarded as resident in Zambia for income tax purposes in the tax year 2022 and to explain the meaning of domicile and how it affects the tax position of an individual.

In part (c) candidates were required to compute the amount of income tax and NAPSA contributions payable by the employee for the tax year 2022.

In part (a) candidates generally performed well, however most candidates failed to answer part (c) by applying the wrong time frame in terms of employment status/period and lost some good marks.

Overall performance of candidates

Highest mark obtained in this paper: **71%**
Lowest mark obtained in this paper: **31%**
Overall pass rate in this paper: **90%**

SUBJECT: D5 – INTERNATIONAL TAXATION

QUESTION ONE

The general performance on this question was excellent. 12 out of the 13 candidates that attempted it managed to get at least 13 marks out of 25. The pass rate recorded was 92.3%. The highest mark scored was 21 out of 25 while the lowest was 12.

This question was on the taxation of residents on world income, globalization and tax treatment of foreign missions and had four pats (a), (b), (c) and (d).

In parts (a), (b) and (c) candidates were required to explain two (2) reasons for taxing residents on their worldwide income in a country such as the Republic of Zambia and the meaning of globalization and its four (4) associated risks on the Zambian economy. In part (c) candidates were required to explain the tax treatment of Foreign Missions

And in part (d) candidates were required to calculate the amount of income tax payable by a person born in a foreign country who came to take up employment with a Zambian resident company for the tax year 2022.

In part (b) some candidates were writing general comments on globalisation risks and ended up losing vital marks. In part (c) some candidates failed to state the correct tax treatment of foreign mission incomes. The performance on part (d) was generally good.

QUESTION TWO

The general performance on this question was very good. 10 out of the 13 candidates that attempted it managed to get at least 13 marks out of 25. The pass rate recorded was 76.9%. The highest mark scored was 20 out of 25 while the lowest was 10.

This question was on regional economic groupings, money laundering, and Financial Action Task Force (FATF) and had two parts (a) and (b).

In parts (a) and (c) candidates were required to give the meaning of Regional Economic Groupings giving advantages and disadvantages of the same.

In part (b) candidates were required to give the meaning of money laundering with any four (4) examples of its activities and one (1) impact it has on tax revenue. (5 marks) and provide any three (3) recommendations made by the Financial Action Task Force (FATF) which the government of Zambia should implement to effectively deal with international tax avoidance and evasion involving money laundering.

In part (a) the performance was generally good by most candidates.
In part (b)(i), (ii) and (iii) many candidates correctly explained issues on money laundering and FATF recommendations.

QUESTION THREE

The general performance on this question was very good. 8 out of the 13 candidates that attempted it managed to get at least 13 marks out of 25. The pass rate recorded was 61.5%. The highest mark scored was 16 out of 25 while the lowest was 8.

This question required candidates to demonstrate their understanding of Foreign direct investment, Organisation for Economic cooperation and Development's (OECD's) model double taxation convention and the tax treatment income for non-residents.

In parts (a) and (b) candidates were required to explain the importance of Foreign Direct Investment (FDI) on the Zambian economy and to list any four (4) main incentives the Zambian Government can give to encourage Foreign Direct Investment (FDI).

In part (c) candidates were required to State any seven (7) general principles contained in the Organisation for Economic cooperation and Development's (OECD's) model double taxation convention which gives guidance on how countries may avoid double taxation of income.

In part (d) of the question, candidates were required to explain the tax treatment of domestic investment and employment income of non-residents.

The performance of most candidates was exceptionally good on all the parts of this question with the exception of part (c) where most candidates failed to state the principles of the OECD model and in part (d) the failed to explain the tax treatment of domestic investment and employment income.

QUESTION FOUR

The general performance on this question was fair. 6 out of the 13 candidates that attempted it managed to get at least 13 marks out of 25. The pass rate recorded was 46.2%. The highest mark scored was 19 out of 25 while the lowest was 8.

This question was on the tax aspects of Multinational Enterprises (MNE), tax havens, international taxation and transactions between group members.

In part (a) candidates were required to list any eight (8) general types of incentives that multinational enterprises may benefit from.

In part (b) candidates were required to provide the meaning of a tax haven.

In part (c) candidates were required to give a distinction the international systems of territorial and residence taxation.

And in part (d) candidates were required to explain the taxation implications of loans and exports of goods between foreign group companies.

The general performance in all parts of the question was good with the exception of part (c) where candidates failed to distinguish between territorial and residence taxation and in part (d) where some candidates failed to state the correct treatment of taxes and computations

Overall performance of candidates

Highest mark obtained in this paper: **71%**
Lowest mark obtained in this paper: **50%**
Overall pass rate in this paper: **100%**

SUBJECT: D6 – TAX AUDIT AND INVESTIGATION

QUESTION ONE

The general performance on this question was very good. 6 out of the 8 candidates that attempted it managed to get at least 13 marks out of 25. The pass rate recorded was 75%. The highest mark scored was 17 out of 25 while the lowest was 10.

This question was on tax investigations on clients made by the Zambia revenue Authority and had four parts (a), (b), (c) and (d).

In these parts, candidates were required to explain the following tax investigation issues:

i. Single issue audits

ii. Policeman theory
iii. Reasons for a Tax investigation
iv. The difference between a tax audit and a tax investigation.
v. Matters that an auditor should consider in an investigation and their importance to the company's financial statements and internal controls.

In part (a) (i) and (ii) some candidates failed to explain the difference between single issue audits and policeman theory. In parts (b) and (c) a good number of candidates failed to distinguish between a tax investigation and tax audit due to lack of knowledge Part (d) poorly answered by most candidates due to lack of knowledge.

QUESTION TWO

The general performance on this question was good. 4 out of the 8 candidates that attempted it managed to get at least 13 marks out of 25. The pass rate recorded was 50%. The highest mark scored was 18 out of 25 while the lowest was 9.

This question was on search for hidden income, systems and risk based audits and computation of purchases from in- incomplete records.

In part (a) of the question candidates were required to give a description of nature of sources of information which an investigator may use to discover hidden income and in part (b) candidates were required to give a distinction between systems and risk based audit.

In part (c) candidates were required to establish a purchases amount and profit from a set of incomplete records and to advise the amount of tax that would be payable from the estimated profit so established.

In part (a), well prepared candidates performed well, however they had challenges to ascertain the difference between a system based and risk based approach to investigation.

In part (c), the performance was average as most of them scored good marks on this part.

QUESTION THREE

The general performance on this question was good. 3 out of the 8 candidates that attempted it managed to get at least 13 marks out of 25. The pass rate recorded was 37.5%. The highest mark scored was 16 out of 25 while the lowest was 6.

This question had Five parts (a), (b), (c), (d) and (e) which covered steps that should be taken to avoid regular tax audits and investigations by ZRA, reasons which may necessitate a tax audit, tax payers audit programme, separate reporting for capital expenditure as well indexation of losses for mining companies.

In part (a) candidates were required to discuss the steps which mining companies can take to avoid regular tax audits and investigations by ZRA.

In parts (b), (c) and (d) candidates were required to explain any five (5) roles of the tax payer's audit programme, the reason why the auditor may be required to carry out tax Investigation in the period that has recently been audited and the reasons for the introduction of separate reporting for capital expenditure for each mining company.

In part (e) candidates were required to give a justification for the indexation of losses under Mines and Development Act No 7 of 2015 of the law of Zambia.

In part (a) most of the candidates failed to state the actions to be taken to avoid regular visits by ZRA due to lack of knowledge and lost good marks
Parts (b) and (c) of the question were poorly answered by many candidates due to lack of knowledge

QUESTION FOUR

The general performance on this question was very good. 5 out of the 8 candidates that attempted it managed to get at least 13 marks out of 25. The pass rate recorded was 62.5%. The highest mark scored was 15 out of 25 while the lowest was 6.

This question had three parts (a), (b) and (c) which variously covered audit plan, audit techniques, compliance risk management, benefits of incorporating a business and the advantages of preference shares in a company. In all these parts candidates were specifically required to explain the following tax audit and investigations issues:

  i.   Characteristics of an effective audit plan.
  ii.   Seven (7) Key Principles of Audit Techniques.
  iii. Five (5) benefits of Compliance Risk Management.
  iv.   The legal benefits of Incorporation of a business entity.
  v.   Advantages of Preference shares to the Company.

Part a (i) and (ii) were not well answered by most candidates due to lack of knowledge
Part (b) was not well done by most candidates as they failed to fully explain the benefits of compliance risk.

Overall performance of candidates

Highest mark obtained in this paper: **59%**
Lowest mark obtained in this paper: **40%**
Overall pass rate in this paper: **75%**