



DECEMBER 2023 EXAMINATIONS

CHIEF EXAMINERS REPORTS

DIPLOMA IN TAXATION

## **SUBJECT: C1: PRINCIPLES OF MANAGEMENT**

### **QUESTION ONE**

The general performance on this question very good. 4 out of the 5 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 80%. The lowest score was 6, whilst the highest was 10 out of 20 marks.

This question had two parts (a) and (b) and were concerned about partnership deed and Porters five forces model.

Part (a) the five candidates were required to list down 5 contents of the partnership deeds. Most candidates were able to list down the contents and they has few challenges in their written contributions.

Part (b) This part was on the identification and explanation of Michael Porters five (5) forces model that affect competition in the business environment.

### **QUESTION TWO**

The general performance on this question good. 3 out of the 5 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 60%. The lowest score was 6, whilst the highest was 19 out of 20 marks.

This question was divided into three parts (a), (b) and (c).

Part (a) this part requested candidates to explain the three (3) factors that influence managerial ethics in managers when they working under pressure. Three of the five candidates gave well-reasoned answers. The other two seemed not to have understood the question who gave quite poor responses that made them fail this part of the question.

Part (b) required that the candidates identify four (4) roles of board of directors in organisations. All the five candidates attempt this part but only three of them managed to score over 80% of the available marks.

Part (c) demanded that candidates explain three (3) important relationships of planning to other management functions within the organisation. Three of the five candidates did very well on this part and scored very good marks.

### **QUESTION THREE**

The general performance on this question good. 3 out of the 5 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 60%. The lowest score was 6, whilst the highest was 16 out of 20 marks.

This question was in two parts, (a) and (b).

### **QUESTION FOUR**

The general performance on this question good. 3 out of the 5 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 60%. The lowest score was 2, whilst the highest was 16 out of 20 marks.

The question was in five parts (a), (b), (c), (d) and (e) and were all on performance appraisal on employees and performance management in organisations

Part (a) was on the definition of performance appraisal and candidates performed well on this part.

Part (b) was on the dual role of performance appraisal. In this case candidate did not bring out the specific roles as outlined in the suggested solutions. However, they demonstrated an understanding of the roles of performance appraisal.

Part (c) dealt with outcomes of performance appraisal in which candidates did not bring out or state the two outcomes as suggested in the solutions but stated other outcomes which closer to the suggested ones.

Part (d) required candidates to state any two (2) shortcomings of performance and was well answered by most candidates.

Part (e) Candidates did not have any challenge in stating factors that should be incorporated in performance management. This part of the question was well answered.

### **QUESTION FIVE**

The general performance on this question very good. 4 out of the 5 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 80%. The lowest score was 4, whilst the highest was 20 out of 20 marks.

This question had three parts, (a), (b), and (c) and covered different issues.

Part (a) some candidates gave correct suggestions which an organisation may include as part of its workforce diversity and equal opportunity policy.

Part (b) on the request of how a marketing manager could use the marketing mix elements to increase demand of goods, Majority of candidates gave correct solutions.

Part (c) requested the difference between data and information. Majority of the candidates provided correct difference between the two terms as requested.

### **Overall performance of candidates**

Highest mark obtained in this paper	75%
Lowest mark obtained in this paper	36%
Overall pass rate in this paper	66.7%

## **SUBJECT: C2 ECONOMICS & FINANCIAL MATHEMATICS**

### **QUESTION ONE**

The general performance on this question excellent. 11 out of the 12 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 91.7%. The lowest score was 6, whilst the highest was 20 out of 20 marks.

The question was divided into four (4) sections namely (a) to (d) as follows:

- (a) Candidates were asked to outline the four functions of money. This was well done except that some explanations of the functions were not that good.
- (b) Candidates were required to explain any two functions of commercial banks. This was well attempted. Few candidates confused functions of the Commercial Banks with those of the Central Bank
- (c) Again many candidates were able to outline the two functions of the Central Bank as required. However, a few candidates confused Commercial banks with Central
- (d) Many candidates could not collect the full marks allocated for this question as they failed to distinguish between regressive and progressive tax. This being a Tax program, it was strange that candidates would fail to answer this question.

### **QUESTION TWO**

The general performance on this question excellent. 11 out of the 12 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 91.7%. The lowest score was 4, whilst the highest was 16 out of 20 marks.

The question was divided into three parts namely (a) to (c) as follows:

- (a) Candidates were required to discuss the four canons of taxation as given by Adam Smith. This was fairly answered although there were some weaknesses in terms of discussing each canon listed.
- (b) Many candidates failed to answer this question fully:
  - (i) Many failed to explain what is meant by currency devaluation
  - (ii) Since some seemed to explain what currency devaluation is all about, they could not come up with plausible explanation as to why a country can devalue its currency
- (c) Majority of candidates could not clearly explain the contents of (i) Current Account, (ii) Capital Account, and (iii) Official Reserves Account in Balance of Payments Analysis.

### **QUESTION THREE**

The general performance on this question poor. 5 out of the 12 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 41.7%. The lowest score was 2, whilst the highest was 17 out of 20 marks.

This question was in four parts with part a requiring candidates to define the term compound interest. Candidates were able to correctly define as required.

The second part required candidates to use the method of compound interest to find the rate given other vital information. Most candidates failed due to computation errors despite using the correct formula. The third part of the question was on the topic normal distribution with the first two questions requiring calculation of probability. Candidates were able to successfully solve this part. The third part of this question still used the concept of normal distribution to find the amount when the probability was already given.

#### **QUESTION FOUR**

The general performance on this question good. 8 out of the 12 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 0, whilst the highest was 20 out of 20 marks.

This question was on the topic regression and correlation analysis. Candidates were required to draw a scatter plot and also find the regression line. Further the candidates were required to find the coefficient of correlation. It was observed that the general performance on this question was good despite computational errors observed on few candidates.

#### **QUESTION FIVE**

The general performance on this question very good. 9 out of the 12 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 75%. The lowest score was 0, whilst the highest was 20 out of 20 marks.

The question required candidates to use the given data to determine the most viable project. The preferred method of calculation was the NPV method which most candidates used and were able to determine the most viable project. Some candidates were noticed to have used incorrect method and apply wrong formulas hence lost marks in the process. The second part of the question required candidates to apply the concept of annuities to establish the monthly repayment of a loan given the future value and interest rate. The candidates performed poorly on this question due to use of the wrong formula.

#### **Overall performance of candidates**

Highest mark obtained in this paper	91%
Lowest mark obtained in this paper	30%
Overall pass rate in this paper	91.7%

**SUBJECT: C3: ACCOUNTANCY FOR TAX PRACTITIONERS**

## **QUESTION ONE**

The general performance on this question poor. 0 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 0%. The lowest score was 0, whilst the highest was 6.5 out of 20 marks.

The question required candidates to prepare a statement of Cash flows. Candidates clearly showed that they do not understand this topic. Candidates are encouraged to do more practice on the topic and learn the format for cash flows.

## **QUESTION TWO**

The general performance on this question 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 22.2%. The lowest score was 0, whilst the highest was 11 out of 20 marks.

Part (a) required candidates to calculate ratios. Candidates failed to obtain good marks because they omitted the formula in their answers.

Part (b) required candidates to give a brief meaning of each ratio calculated. This part was poorly answered. Candidates don't seem to know how to interpret the accounting ratios.

## **QUESTION THREE**

The general performance on this question poor. 2 out of the 11 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 18.2%. The lowest score was 4, whilst the highest was 13 out of 20 marks.

Part (a) required candidates to draw up an opening journal entry to calculate the opening capital figure. This was well answered.

Part (b) required candidates to prepare a statement of Profit or Loss account. Candidates had challenges in establishing the figure for sales and purchases. Candidates are encouraged to make use of control accounts in order to establish sales and purchases figures.

Part (c) required candidates to prepare a statement of financial position. Candidates should adequately prepare themselves before they attempt the examination looking at the poor answers presented.



## **QUESTION FOUR**

The general performance on this question poor. 4 out of the 11 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 36.4%. The lowest score was 3.5, whilst the highest was 12 out of 20 marks.

Part (a) required candidates to briefly explain accounting terms in the manufacturing industry. This part was well answered.

Part (b) required candidates to prepare the statement of Profit or Loss. Generally the quality of answers to such a straight and easy question is disappointing. Candidates are encouraged to master the core parts of the syllabus.

## **QUESTION FIVE**

The general performance on this question good. 6 out of the 11 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 54.5%. The lowest score was 6.5, whilst the highest was 19 out of 20 marks.

Part (a) required candidates to prepare a trial balance from a given list of ledger balances. This was well answered.

Part (b) required candidates to explain three disadvantages and two advantages of double entry system. Candidates failed to clearly bring out disadvantages and advantages as requested. Lack of understanding the content of the syllabus may explain the failure.

### **Overall performance of candidates**

Highest mark obtained in this paper	51%
Lowest mark obtained in this paper	15%
Overall pass rate in this paper	9.1%

## **SUBJECT: C4: DIRECT TAXES**

### **QUESTION ONE**

The general performance on this question fair. 15 out of the 32 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 46.9%. The lowest score was 0, whilst the highest was 19 out of 20 marks.

This question was on taxation of companies and had three parts (a), (b) and (c). In part (a) candidates were required to calculate the maximum amount of capital allowances claimable by given company tax year 2023, in respect of its buildings and implements, plant and machinery.

Comments:

This part of the question was well answered by most candidates. However a few failed to apply the correct rates and lost some marks.

In parts (b) and (c) candidates were required to calculate the tax adjusted business profit and the income tax payable tax year 2023.

### **QUESTION TWO**

The general performance on this question good. 21 out of the 32 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 65.6%. The lowest score was 1, whilst the highest was 20 out of 20 marks.

This question was on property transfer tax and had five parts (a) to (e).

In parts (a), (b) and (c) candidates were required to explain the meaning of an immediate family member in the context of property transfer tax, the property transfer tax treatment of transfers of property to an immediate family member and the property transfer tax implications of each of the disposals made by Jack and to compute the amounts of any Property Transfer Tax arising in each of the given cases.

Comments:

Most candidates clearly defined who members of the immediate family although a few candidates failed to state how to treat a disposal of a property to an immediate family member where a consideration has been paid and also the disposal of an immovable property and ended up losing some vital marks

And in parts (c) and (d), candidates were required to state any three (3) transactions which are exempt from property transfer tax as well as any three (3) documents required for the refund of property transfer tax.

Part (c) was generally well answered by most candidates with only a few failing to fully explain all the required transactions.

Most candidates could not state all the documents required for PTT to take effect and lost a few marks. Some of the answers were general ones and did not earn marks at all.

Part (e) was a game changer for most of the candidates as they scored the full marks. However, a few candidates charged PTT on sale of motor car which is not supposed to be.

### **QUESTION THREE**

The general performance on this question good. 21 out of the 31 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 67.7%. The lowest score was 7, whilst the highest was 17 out of 20 marks.

This question was on personal taxation of employment and business income and had three parts (a), (b) and (c).

In parts (a) and (b), candidates were required to explain the meaning of the work performance and engagement and dismissal tests which can be used to distinguish employees from independent self-employed persons and explain the time when emoluments are deemed to be received by directors.

Comments:

Part (a) was well answered by most candidates, despite some candidates failing to distinguish how the dismissal of an employee.

In part (b) of this question candidates who were not well prepared failed to state the when the emoluments of directors are deemed to have be received.

In part (c), candidates were required to calculate the final income tax payable by Mambwe for the tax year 2023. Some candidates failed to apportion the employment period as per requirement in most employment questions and ended up losing vital marks.

### **QUESTION FOUR**

The general performance on this question good. 20 out of the 32 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 62.5%. The lowest score was 1, whilst the highest was 20 out of 20 marks.

This question was on taxation aspects of partnerships and had three parts (a), (b) and (c).

In part (a) candidates were required to explain the tax treatment of a tax loss suffered by a partnership.

Comments

This was well answered by most candidates with a few of them exhibiting lack of knowledge on loss sharing in a partnership.

And in parts (b) and (c), candidates were required to calculate the amount of capital allowances claimable on partnership assets, the final tax adjusted partnership profit and its allocation amongst the partners and to also calculate the final amount of income tax payable by each partner for the tax year 2023.

Comments:

Part (a) was well answered by prepared candidates and scored the full marks. In part. However in part (c) they failed to correctly calculate the income tax payable because of wrong apportionment of the income of the two (2) different periods.

## **QUESTION FIVE**

The general performance on this question good. 18 out of the 32 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 56.3%. The lowest score was 2, whilst the highest was 20 out of 20 marks.

This question was on the administration of taxes with particular reference to the Zambia Revenue Authority (ZRA) including the presumptive taxes and had four parts (a) to (d).

In these parts, candidates were required to explain the five (5) responsibilities of the ZRA, the criteria used by the ZRA to determine whether a company is resident in Zambia for tax purposes four (4) reasons why presumptive taxes for public passenger transporters were introduced by Government in Zambia and any two (2) problems associated with turnover tax from tax payer's point of view.

Comments:

In part (a) and (b) most candidates scored the dull marks exhibiting full knowledge on the matters.

In part (c) well prepared candidates articulated the reasons for presumptive taxes. However some candidates mentioned wild answers and ended up losing vital marks. Part (d) was well answered by most candidates who have the knowledge on turnover taxes, although a few could not fully answer.

A good pass rate was recorded on this question

### **Overall performance of candidates**

Highest mark obtained in this paper	88%
Lowest mark obtained in this paper	14%
Overall pass rate in this paper	53.1%

## **SUBJECT: C5: INDIRECT TAXES**

### **QUESTION ONE**

The general performance on this question very good. 25 out of the 30 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 83.3%. The lowest score was 6, whilst the highest was 18 out of 20 marks.

This question was on import taxes and had three parts (a), (b) and (c).

In part (a) candidates were required to calculate the total amount of duties paid by KBM Bus Services Ltd on the importation of a minibus.

And in part (c), candidates were required to explain the conditions that must be met for the Transaction value method to be used and the circumstances in which the ZRA may revalue imported goods for the purposes of assessing import taxes

Comments:

This was well applied by good prepared candidates although a few who failed to apply the correct customs and excise duties.

In part (b), candidates were required to state any five (5) documents which should be presented to the customs officials in order to complete the clearance of a motor vehicle and state the clearance period of motor vehicles.

### **QUESTION TWO**

The general performance on this question poor. 10 out of the 30 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 33.3%. The lowest score was 1, whilst the highest was 14 out of 20 marks.

This question was on Value added tax (VAT) aspects and had four parts (a), (b), (c) and (d).

In parts (a), (b) and (c), candidates were required to state three (3) conditions which should be met for a supply of services to be treated as having taken place in Zambia, the penalties and interest imposed for the late submission of a VAT return and for late payment of VAT and to explain the procedure followed after a taxable supplier discovers errors in the VAT return already filled with Zambia Revenue Authority (ZRA) and the date when the VAT in the case study was due and to calculate the penalties and interest arising on the late submission of the VAT return and payment of the respective VAT.

Comments:

Part (a) was a well answered component by most candidates, however a good number of them struggled to state the correct applicable rates for late VAT return submission as required in part (b) . Students should study hard and get the knowledge required

In part (c) good prepared candidates managed to state the due date, despite a number of them failing to correctly calculate the interest and penalties due for late submission. Students should practice and study hard to gain the required knowledge and application

And in part (d), candidates were required to explain any four (4) documents which are required as proof for exportation of goods.

This was a poorly answered component of the question as most candidates were stating general and wild matters. Students should study hard and refer to the study manual

### **QUESTION THREE**

The general performance on this question good. 17 out of the 30 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 56.7%. The lowest score was 5, whilst the highest was 15 out of 20 marks.

This question was on registration procedures related to VAT and the Revenue Appeals Tribunal and had three parts (a), (b) and (c).

In parts (a) and (b), candidates were required to explain the meaning of a taxable supply, the compulsory or statutory VAT registration requirements and the seven (7) advantages and two (2) disadvantages of VAT registration.

Comments:

A high number of good prepared students exhibited high knowledge on this part of the question and scored high marks.

Part (c) was a game changer for most candidates as the showed high knowledge on the pros and cons of vat registration

And in part (d), candidates were required to describe the composition of the Revenue Appeals Tribunal and to state four (4) matters heard by the Tax Appeals Tribunal.

Comments:

A good number of candidates lamentably failed to state the full composition of the Tax Appeals Tribunal and worse still to state the matters to be held before the Tax Appeals Tribunal. A lack of knowledge was showed by most of the candidates on this particular component.

### **QUESTION FOUR**

The general performance on this question good. 22 out of the 30 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 73.3%. The lowest score was 2, whilst the highest was 20 out of 20 marks.

This question was on deregistration for VAT purposes and had three parts (a), (b) and (c).

In parts (a) and (b), candidates were required to describe six (6) circumstances in which a business would be required to de-register for VAT and to explain the VAT de-registration application process.

Comments:

These two (2) parts of the question were well answered by good prepared candidates as the showed knowledge of the subject matter at hand. Full marks were scored.

In part (c), candidates were required to calculate the VAT payable/refundable by Peter for May 2023 indicating in their answers using a Zero (0) the items on which VAT was not chargeable or claimable.

Comments:

In this part a high number of candidates showed challenges in calculating VAT refundable. They failed to calculate Standard sales/Purchases VAT due to lack of knowledge. Question practice by candidates is one of the solutions

## **QUESTION FIVE**

The general performance on this question good. 16 out of the 30 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 53.3%. The lowest score was 0, whilst the highest was 18 out of 20 marks.

This question was economic groupings which are set up for the benefit of member states and had four parts (a) to (d).

Comments:

Some candidates failed to explain the full aim of AGOA due to lack of knowledge. More effort is needed in studies.

In all these parts candidates were variously required to explain two (2) main aims of the African Growth Opportunity Act (AGOA), eight (8) strategies used by the Preferential Trade Agreement (PTA) in the attainment of its objectives, four (4) major focus areas of the Customs Union and the main purpose of Duty Drawback mechanism (DDB) system.

Lack Of knowledge by some candidates failed them to fully explain the objectives of PTA as requested in part (b)

In part (a) a high number of candidates failed to state the five (5) areas of customs Area focuses due to lack of knowledge.  
Part (d) was well answered by prepared candidates.

**Overall performance of candidates**

Highest mark obtained in this paper	80%
Lowest mark obtained in this paper	29%
Overall pass rate in this paper	70%



## **SUBJECT: C6 LAW FOR TAX PRACTITIONERS**

### **QUESTION ONE**

The general performance on this question excellent. 18 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 100%. The lowest score was 11, whilst the highest was 17 out of 20 marks.

This question was composed of four parts namely differences between a partnership business and a private limited company, purpose of articles of association, contents of a partnership deed and a partner by estoppel. The performance was very good on the whole of the question except on the last part where some candidates could not identify that that was a partnership by estoppel, but a dormant partner. In future candidates should be able to understand all the types of partners.

### **QUESTION TWO**

The general performance on this question excellent. 17 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 94.4%. The lowest score was 8, whilst the highest was 20 out of 20 marks.

This question was on rights and duties of partners, duties of a receiver, and how equity has filled in the gaps of common law. There were no challenges except candidates not giving enough detailed answers to some parts of the question, otherwise the responses were very ok.

### **QUESTION THREE**

The general performance on this question excellent. 16 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 88.9%. The lowest score was 7, whilst the highest was 19 out of 20 marks.

The question was based on contract of sale, hire purchase and definition of terms such as Finance lease, negotiable instruments, and organs of government and transfer of property in goods. The major problem observed was on Finance lease where some candidates could hardly write anything on it. Further some candidates, very few of them mistook hire purchase for deferred payment. In future candidates just need to prepare adequately.

### **QUESTION FOUR**

The general performance on this question very good. 15 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 83.3%. The lowest score was 6, whilst the highest was 20 out of 20 marks.

This question required candidates to explain the following terms: consideration must move from the promise, privity of contract, wrongful dismissal, collective agreement and receivership. All the parts were well answered except part (iv) which was on collective agreement. In future candidates must be encouraged to read and understand each and every part of the syllabus. Further, candidates should be able to distinguish between summary dismissal and wrongful dismissal as most of them mistook wrongful dismissal for summary dismissal.

The question was ok and from within the syllabus.

### **QUESTION FIVE**

The general performance on this question excellent. 18 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 100%. The lowest score was 11, whilst the highest was 19 out of 20 marks.

This question was made up of six parts covering a number of items such as the doctrine of ultra vires, sole trader, joint venture, powers of trustees, employment of young persons, and an insurance contract. Most candidates were able to get at least 50% on this question despite the majority having problems with the first part of the question on ultra vires and the third party of the question which was on joint ventures.

### **Overall performance of candidates**

Highest mark obtained in this paper	90%
Lowest mark obtained in this paper	53%
Overall pass rate in this paper	100%

## **SUBJECT: D1: BUSINESS INFORMATION MANAGEMENT**

### **QUESTION ONE**

The general performance on this question was poor. 3 out of the 11 candidates that attempted it managed to get at least 13 marks out of 25. The pass rate recorded was 27.3%. The highest mark scored was 22 out of 25 while the lowest was 2.

The question was about explaining how information technology can influence an organisation's competitive position in relation to Michael Porter's five competitive forces, explaining the importance of carrying out a SWOT analysis before adopting any new technology and explaining the role of a firewall outlining how it operates in an organisation.

The common mistakes were as follows:

- (a) Some students were explaining the value chain model instead of the Michael Porter's five competitive forces
- (b) Some students could not answer the on roles of the firewall well, and how it operates in an organisation

### **QUESTION TWO**

The general performance on this question was poor. 0 out of the 11 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 11 out of 25 while the lowest was 1.

The question was about the types of databases that an online Analytical Processing application relies on, four broad classifications of outsourcing and explaining the features of a Data warehouse

The common mistakes were as follows:

- (a) All the students struggled to state the types of database that an Online Analytical Processing (OLAP) application relies on in an organisation
- (b) Some students couldn't outline the broad classifications of outsourcing correctly
- (c) Some students could not explain the features of a data warehouse correctly

### **QUESTION THREE**

The general performance on this question was good. 6 out of the 11 candidates that attempted it managed to get at least 13 marks out of 25. The pass rate recorded was 54.5%. The highest mark scored was 25 out of 25 while the lowest was 9.

The question was about stating key elements organisations should consider when choosing or negotiating for contracts with external vendors and suppliers, explaining

the positive impact that the internet has had on the way commerce and trade is done, Explain the use of the Intranet and Extranet in ecommerce businesses such as before ward or eBay and outlined the characteristics of systems development methodologies.

The following were the common mistakes noted in this question:

- (a) Most students were explaining the uses of the internet in state of intranet and extranet in ecommerce business
- (b) Some students were not outlining the characteristics of systems development methodologies well

#### **QUESTION FOUR**

The general performance on this question was fair. 5 out of the 11 candidates that attempted it managed to get at least 13 marks out of 25. The pass rate recorded was 45.5%. The highest mark scored was 18 out of 25 while the lowest was 4.

The question was about the four major objectives a database system should achieve in order to provide comprehensive file of data to different users, explaining the levels of management in an organisation, and stating three business initiatives stating the way each would be beneficial to the organisation.

The following were the common mistakes noted in this question:

- (a) Most students could not explain the major objectives a database system should achieve
- (b) Some students did not state or explain the business initiatives well and how each would be beneficial to the organisation

#### **Overall performance of candidates**

Highest mark obtained in this paper	65%
Lowest mark obtained in this paper	23%
Overall pass rate in this paper	54.5%

## **SUBJECT: D2: FINANCIAL MANAGEMENT**

### **QUESTION ONE**

The general performance on this question was good. 9 out of the 14 candidates that attempted it managed to get at least 13 marks out of 25. The pass rate recorded was 64.3%. The highest mark scored was 17 out of 25 while the lowest was 7.

In part (a) some candidates did not fully explain the evidence available to justify the Board Members of BeYond Limits Plc to make a decision to acquire listed firms that have undervalued stocks. The answer to this section of the question should have been based on the evidence obtained and such evidence should have been stated in the responses in the candidate's answers.

In part (b) some candidates who answered this question which asked for an explanation of the term "efficient" as it relates to stock markets did not adequately respond to this question. The answers were incomplete. Further, the question required the candidates to describe the various levels of stock market efficiency. These were not correctly identified and stated in the answers for these candidates. They needed to explain these levels being weak form, semi-strong and strong-form. Each one of these then should have been described to convince the examiner that they have fully understand the concepts.

Part (c) required the candidates to identify the roles that the investment managers and financial analysts play in establishing an efficient stock market. Some of the wrong answers were as a result of not clearly identifying these roles and some of the responses were instead describing the Finance Managers roles instead.

### **QUESTION TWO**

The general performance on this question was poor. 2 out of the 13 candidates that attempted it managed to get at least 13 marks out of 25. The pass rate recorded was 15.4%. The highest mark scored was 16 out of 25 while the lowest was 5.

In part (a) common mistakes in the answers to this question was the failure by some candidates to provide a detailed explanation regarding the key aspects of a receivable management system that Fulia Ltd would have applied.

In part (b) the common in the candidates' answers for them not to state the advantages of factoring. This required candidates to first briefly explain what factoring entails and then state the advantages as the question demanded.

In part (c) the most common mistake for those that responded to this question was to lack of a systematic procedure in the presentation of the solution. In calculating the annualized cost, the candidates should first have determined the amount of savings that would accrue in the administrative costs as a result of factoring the debt, then the factor's interest charge and eventually the service charge.

In part (d) the candidates as a follow-up question were expected to calculate the annualized cost in percentage terms by offering a cash discount to customers. Most common mistakes was as result of not correctly calculating the cost of discount first, the determined would then be used in the calculation of the annual annualized cost in percentage terms.

### **QUESTION THREE**

The general performance on this question was poor. 5 out of the 14 candidates that attempted it managed to get at least 13 marks out of 25. The pass rate recorded was 35.7%. The highest mark scored was 20 out of 25 while the lowest was 7.

Part (a) required candidates to discuss the benefits and limitations of a cash flows in comparison to the statement of profit or loss. This part was either avoided or poorly responded to. Candidates demonstrated lack of knowledge on this part of the question, and it is not clear why this was the case.

Part (b) (i) required candidates to prepare the forecast income statement of Hub Tech Group for the following year. The performance on this part was mixed. The common observations include:

- (1) A significant minority of the candidates were able to perform some simple calculations and prepare the forecast income statement. However, a significant majority of the candidates could not figure the cost of sales, indirect expenses, and total dividends perhaps because of being balancing figures that required reverse movement. As for dividend payment, candidates did not know the formula.
- (2) The statement was also not correctly presented as a significant minority omitted the cost of sales component and went straight away to operating expenses after sales.

Part (b) (ii) required candidates to prepare the forecast statement of financial position of Hub Tech Group for the following year. The performance on this part was poor. Apart from a few candidates that scored better on this part, most of the candidates were unable to perform simple calculations from ratios to get inventory, receivables, and payables figures. Reserves and overdraft were the most challenging figures to obtain. This was not because they did not know ratios but rather because they did not know what was required to be calculated. A significant minority of candidates prepared the statement of financial position based on the same figures that were provided for the current year without considering the forecast information.

Part (c) required candidates to analyse the trends in the accounting ratios for the two years and discuss the financial performance in relation to the working capital management. This part of the question was either avoided or not well responded to. A significant majority of the candidates did not know what was required to be done on this part. A few candidates did manage to perform simple calculations for finding comparator ratios for 2022, however, they did not go further to compare them with 2023 ratios to assess performance.

## **QUESTION FOUR**

The general performance on this question was poor. 3 out of the 13 candidates that attempted it managed to get at least 13 marks out of 25. The pass rate recorded was 23.1%. The highest mark scored was 20 out of 25 while the lowest was 1.

The general performance on this question was poor. 13 candidates out of the 14 candidates attempted the question, and only 3 scored at least 10 marks and above out of the available 20 marks representing a pass rate on the question of 23%. The highest score was 20 marks with the lowest score of 1 mark out of the available 20 marks. Parts (a) and (b) required valuation computation of NKEYEMA Plc and the cost of its bond respectively, were either poorly or not attempted at all.

### **Overall performance of candidates**

Highest mark obtained in this paper	59%
Lowest mark obtained in this paper	24%
Overall pass rate in this paper	42.9%

## **SUBJECT: D3: BUSINESS TAXATION**

### **QUESTION ONE**

The general performance on this question was good. 10 out of the 15 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 10.

This question was on the taxation aspects of a company which was not registered on the Lusaka Securities Exchange and had three parts (a) to (c).

In these parts, candidates were variously required to calculate the maximum capital allowances claimable, taxable business profit and the company income tax payable by Pusha Limited for the tax year 2023.

Comments:

This was a well answered part by good prepared candidates. However. Some of them failed to correctly compute the capital allowance on equipment by not restricting the disposal proceeds to cost.

Part (b) was also a well answered component with most candidates scoring high marks. A few candidates failed to compute the accommodation benefit.

Part (c) had a good number of candidates picking marks despite most of them failing to correctly compute the final income tax payable.

### **QUESTION TWO**

The general performance on this question was good. 10 out of the 15 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 22 out of 25 while the lowest was 3.

This question was on the taxation of a person involved in farming and retail trade and had two parts (a) and (b).

In part (a), candidates were required to explain the circumstances under which income from farming may be averaged and to calculate the final income tax payable by a Mr Kabesha for the tax year 2023

Comments:

In part (a) a good number of candidates had knowledge of how farming income may be average and did manage to apply the knowledge by correctly calculating the final income tax payable.

In part (b), candidates were required to state any three (3) conditions which should be met in order for a claim for bad debt relief to be successful as well as any three (3) advantages and any three (3) disadvantages of voluntary registration for Value Added



Tax and to calculate the amount of Value Added Tax payable by business for the month of September 2023.

Comments:

The bad debt relief component had a mixture of answers with well- prepared candidates correctly stating the conditions. However, some of them had wild explanations and lost the vital marks.

The second part (ii) of this question was ably answered by most candidates and scored high marks.

The VAT computation component was challenging for most of the candidates as a good number lamentably failed to compute the output and input taxes. Question practice would help students to master the art of answering correctly.

### **QUESTION THREE**

The general performance on this question was good. 8 out of the 14 candidates that attempted it managed to get at least 13 marks out of 25. The pass rate recorded was 57.1%. The highest mark scored was 25 out of 25 while the lowest was 2.

This question was on taxation of partnerships and had three parts (a) to (c). In part (a), candidates were required to explain the treatment of profit when there is a change in the partnership agreement during an accounting period.

Comments:

Most of the candidates had the knowledge of how to deal with the changes in the partnership and scored the full marks.

And in parts (b) and (c), candidates were required to calculate the partnership's tax adjusted business profit and the amount of the business profits on which each partner was to be assessed, and the amount of the business profits on which each partner was to be assessed on for the tax year 2023

Comments:

Most of the candidates did not correctly compute the adjusted business profits and the taxable profits because of the failure to correctly apportion the motor car running costs and the capital allowances

### **QUESTION FOUR**

The general performance on this question was poor. 4 out of the 15 candidates that attempted it managed to get at least 13 marks out of 25. The pass rate recorded was 26.7%. The highest mark scored was 16 out of 25 while the lowest was 1.

This question was on the taxation of mining companies and had two parts (a) and (b).

In these parts, candidates were required to calculate the amount of mineral royalty tax paid by the company, the adjusted mining profit and the income tax payable for the year ended 31 December 2023.

Comments:

Part (a) was poorly answered by most candidates as they failed to apply the correct rates.

A good number of the candidates managed to pick vital marks in part (b) of the question despite most of them failing to correctly calculate the income tax payable

### **Overall performance of candidates**

Highest mark obtained in this paper	80%
Lowest mark obtained in this paper	20%
Overall pass rate in this paper	60%

## **SUBJECT: D4: PERSONAL TAXATION**

### **QUESTION ONE**

The general performance on this question was poor. 4 out of the 9 candidates that attempted it managed to get at least 13 marks out of 25. The pass rate recorded was 44.4%. The highest mark scored was 16 out of 25 while the lowest was 4.

This question was on choice of business media as between a case of admitting a party to the business in the form of an employee or in the form of a partner and had two parts (a) and (b).

In part (a), candidates were required to evaluate the options of bringing Ireen into the business as an employee or of bringing Ireen into the business as a partner by calculating the income tax payable Dorren and Ireen under each of these options.

Comments:

A well attempted component of this question despite some candidates failing to correctly apportion Ireen's salary and the motor running expenses. In part (ii) a high number of candidates failed to compute the net income applicable because wrong applicable capital allowance computation.

In part (b), candidates were required to advise Doreen the best option from a tax point of view.

Comments:

The performance in part (b) was poor by most candidates as they failed to calculate the net income applicable.

### **QUESTION TWO**

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 25 out of 25 while the lowest was 5.

This question was on the taxation of world income for residents and had three parts (a) to (c)

In parts (a) and (b), candidates were required to explain whether Akufu was to be regarded as a resident in Zambia for income tax purposes in the year ended 31 December 2023 and the three (3) methods of giving double taxation relief in Zambia.

And in part (c), candidates were required to calculate the amount of income tax payable by Akufu for the tax year 2023 on his world income.

Comments:

The part (a) of the question was well answered by good prepared candidates, despite a few who failed to give detailed explanations and lost some marks. In part (b) of the question, knowledgeable and well prepared candidates managed to express themselves adequately and scored the full marks.

Part (c) had a high score line as most candidates managed to correctly calculate the taxable income. A few however were not able to correctly gross up the foreign income.

### **QUESTION THREE**

The general performance on this question was poor. 4 out of the 9 candidates that attempted it managed to get at least 13 marks out of 25. The pass rate recorded was 44.4%. The highest mark scored was 25 out of 25 while the lowest was 7.

The taxation aspects which were examined in this question included:

- (1) Taxation of rental income
- (2) Presumptive taxes on transporters and
- (3) Employee share options.

The question had three parts (a) to (c).

In parts (a) and (b), candidates were required to explain, with reasons, how each of the given two tax payers (Lizzie Mafungo and Gerald Mphamvu) were to be assessed to tax for the year 2023 and to calculate the amount of tax that was to be paid by each of them.

In part (c), candidates were required to explain seven (7) conditions to be met for an employee share option scheme to be approved by the Commissioner General and the tax benefits to the employer and the employee of administering an approved employee share option scheme.

Comments:

Part (a) and (b) of this question had most candidates scoring high marks as they ably explained and calculated the turnover tax and presumptive taxes respectively. However a few of them failed to do so

Part (c) had a high number of candidates expressing the full knowledge on this component and scored the full marks

### **QUESTION FOUR**

The general performance on this question was poor. 2 out of the 9 candidates that attempted it managed to get at least 13 marks out of 25. The pass rate recorded was 22.2%. The highest mark scored was 20 out of 25 while the lowest was 1.

This question was on taxation of employment and business income of individuals and had two parts (a) and (b).

In part (a), candidates were required to explain the basis of assessment for the first period of trading and compute the final taxable profits for each relevant tax year.

And in part (b), candidates were required to compute the final amount of income tax payable by Changala in the tax year 2023.

Part (b) of this question had a a good number of candidates scoring good marks, despite most of them failing to rightly calculate the income tax computed

Comments:

Part (a) of this question had most candidates adequately explained how to split up the two periods and also calculate the Taxable profit. Some of the candidates had challenges in calculating the capital allowances

### **Overall performance of candidates**

Highest mark obtained in this paper	77%
Lowest mark obtained in this paper	20%
Overall pass rate in this paper	44.4%

## **SUBJECT: D5: INTERNATIONAL TAXATION**

### **QUESTION ONE**

The general performance on this question was good. 2 out of the 3 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 18 out of 25 while the lowest was 10.

This question was on transfer pricing that can ensue transfers of goods and services and granting of loans between related companies and was divided in four parts (a) to (d).

In part (a), candidates were required to explain the meaning of tax haven and to state four (4) practices for the identification of tax havens as defined by the OECD.

Comments:

Most of well- prepared candidates were able to explain and state the identification of a tax HAVEN and scored the full marks.

In part (b), candidates were required to explain the meaning of transfer pricing and its effects on the economy.

Comments:

Average performance by most candidates with a few struggling to explain the effects on the economy.

In part (c), candidates were required to explain the income tax implications for Zamlight Ltd of the transfer of goods to Liquonand Ltd at a transfer price of T\$12.5 and the borrowing of K650,000 from Liquonand Ltd at an interest rate of 32% per annum.

Comments:

In part (c) of the question was an easy computation to do, however some candidates failed to calculating the decrease in taxable profits

And in part (d), candidates were required to calculate the company income tax payable by Zamlight Ltd for the tax year 2023.

### **QUESTION TWO**

The general performance on this question was poor. 1 out of the 3 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 21 out of 25 while the lowest was 8.

This question was on the taxation of world income of individuals and was divided into four parts (a) to (d).

In parts (a) to (c), candidates were required to explain whether a given Okafor was to be held to be resident in Zambia for income tax purposes for the year ended 31 December 2023,

Six (6) roles of double taxation treaties and the difference between the concept of source and the concept of residence as they apply in international taxation.

Comments:

Part (a) of this question was well answered by most well prepared candidates who had a full knowledge on this subject matter and was applied in part (b)

Part (c) and in part (d), candidates were required to calculate the amount of income tax payable by Okafor for the tax year 2023. Of the question and scored the full marks. Part (c) of the question so average number of candidates failing to fully explain the concept of source and concept of residence.

Part (d) had good prepared candidates able to calculate the income tax payable. However some of them failed to do so because of failure to timely apportion the incomes and wrong calculation of double taxation relief.

### **QUESTION THREE**

The general performance on this question was good. 2 out of the 3 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 17 out of 25 while the lowest was 11.

This question was the The Financial Action Task Force (FATF) in relation to limited tax bases and had three parts (a) to (c).

In these parts candidates were required to explain the income tax treatment of domestic employment income, business profits and investment income of non-residents as well as foreign income of non-residents and the income tax treatment of dividends income, interest income, rental income, employment income and business profits of Zambian residents arising from foreign investments.

Comments:

In part (a) and (b) of this question so an average performance of candidates, with some of them failing to rightly articulate the tax treatment of the said foreign and domestic income.

Candidates were also required explain any five (5) recommendations, made by the Financial Action Task Force (FATF), to implement in order to effectively deal with international tax avoidance and evasion involving money laundering.

Comments

A good number of candidates showed a high knowledge on this subject matter and ended up scoring the full marks.

## QUESTION FOUR

The general performance on this question was poor. 1 out of the 3 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 16 out of 25 while the lowest was 2.

This question was on the effects of globalization and had five parts (a) to (e).

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

- (1) the meaning of Border Tax Adjustments
- (2) limitations of Border Tax Adjustments (BTAs)
- (3) the difference between origin principle and destination principle for indirect taxes.
- (4) the GATT rules on border tax adjustment.
- (5) the methods in which a cross-border merger may be effected
- (6) the main areas of interaction between human rights law and tax law In international taxation

Comments:

Part (a) and (b) so a poor performance by most candidates as they failed to express the full knowledge on the subject matter.

Part (c) had a weak performance by most candidates.

In part (d) and (e) of the question had a high number of candidates exhibiting high performance and scored the full marks

### Overall performance of candidates

Highest mark obtained in this paper	72%
Lowest mark obtained in this paper	39%
Overall pass rate in this paper	33.3%



## **SUBJECT: D6: TAX AUDIT AND INVESTIGATIONS**

### **QUESTION ONE**

The general performance on this question was excellent. 8 out of the 9 candidates that attempted it managed to get at least 13 marks out of 25. The pass rate recorded was 88.9%. The highest mark scored was 25 out of 25 while the lowest was 8.

This question was on types of tax audit and their legal framework and had four parts (a) to (d).

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

- (1) Meaning of tax audit and the circumstances under which it may be conducted.
- (2) Key elements of a tax legal framework that relate to the function of a tax audit and investigation.
- (3) Types of tax audits that may be conducted by Zambia Revenue Authority
- (4) Roles of the taxpayer audit program.

Comments:

In part (a) Most the candidates were able to fully express themselves on this subject matter and gained the full marks.

In part (b) of the question well prepared candidates applied their full knowledge on this subject matter and scored the full marks. However, some of them were expressing wild sentiments without any substance and lost the vital marks.

### **QUESTION TWO**

The general performance on this question was excellent. 9 out of the 9 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 22 out of 25 while the lowest was 13.

This question was on tax evasion and related matters and was divided into three parts (a) to (c)

In part (a), candidates were required to explain the meaning of tax investigation and the circumstances under which it is conducted and the difference between risk based approach and systems based approach as they apply in tax investigation.

Comments:

This part of the question was well answered by good prepared candidates and scored the full marks.

In part (b), candidates were required to list six (6) enterprises that are normally subjected to transfer pricing audits. And also to explain the arm's length concept in transfer pricing

Good prepared candidates were able to apply their full knowledge on this subject matter and scored the full marks. However, some of them were mentioning out of context and wild elements and lost the vital marks

And in part (c), candidates were required to the roles of a tax audit team leader.

#### Comments

Part of this question saw a high number of candidates scoring high marks as they applied their full knowledge on this component of the question.

Part (d) of this part had poor performance by most candidates as they failed to express the role of a tax payer audit program

### **QUESTION THREE**

The general performance on this question was excellent. 9 out of the 9 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 24 out of 25 while the lowest was 13.

This question was on company registration and their various modes of financing and had five parts (a) to (e).

And candidates were required to explain the following related issues:

- (1) The differences between a limited liability company and a company limited by guarantee
- (2) Assets that could be transferred when a business is incorporated.
- (3) Methods that can be used as sources of capital in a business.
- (4) Causes of the sanctions that can be imposed on Chandamali if she does not comply with relevant provisions of the tax law.
- (5) Difference between capital expenditure and revenue expenditure for income tax purposes.

#### Comments:

- (1) Part (a) and (b) had easy requirements and hence most candidates showcased their full knowledge and scored the full marks. Only a few candidates expressed wild and general sentiments that did not earn them any marks.
- (2) Part (c) had most good prepared candidates scoring the full marks
- (3) Part (d) and (e) had high score of marks from most candidates as they fully expressed their knowledge

### **QUESTION FOUR**

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 23 out of 25 while the lowest was 8.

This question was on quality audits, turnover tax and taxation of farming operations and had for parts (a) to (d).

In parts (a) and (b), candidates were required to explain key principles that apply to quality audits according to OECD and the categories of businesses not liable to pay turnover tax.

Comments:

In part (a) of this question had some candidates who failed to express their knowledge on this subject matter, they merely stated general comments that did not earn them any marks.

Part (b) of this question had a high performance of most candidates scoring full marks

Part (d) so a good performance by most candidates, however, some failed to do so

In parts (c) and (d), candidates were required to calculate the amount of capital allowances claimable and the income tax payable by John for the tax year 2023

Comments:

Had a good performance by most candidates, however some of them failed to compute the correct capital allowances by applying wrong rates and eventually failed to calculate the right income tax payable

### **Overall performance of candidates**

Highest mark obtained in this paper	87%
Lowest mark obtained in this paper	67%
Overall pass rate in this paper	100%