DECEMBER 2024 EXAMINATIONS

CHIEF EXAMINERS REPORTS

DIPLOMA IN TAXATION

SUBJECT: C1: PRINCIPLES OF MANAGEMENT

QUESTION ONE

The general performance on this question was excellent. 6 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 85.7%. The lowest score was 8, whilst the highest was 20 out of 20 marks.

This question had three (3) parts. It required candidates to:

(a) Explain any four (4) advantages of cooperatives.
     This part was well answered, without much difficulty, by almost all candidates that attempted it.

(b) Define the Matrix structure and list three (3) advantages and any three (3) disadvantages of matrix structures.
     This part was well answered by almost all candidates. However, some had difficulties in clearly stating the disadvantages of the matrix structure.

(c) Explain the difference between a Product structure and a Time structure in a Divisional structure.

Some attributed the Product structure to mean to Production of goods; while others attributed the Time structure to time sheets for employees clocking in and clocking out.

QUESTION TWO

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

This question had two parts; and it required the candidates to:

(a) Describe the communication process that will enable an organisation to achieve effective communication. (12 marks)
(b) Give four examples of examples of each, explain:
     i.   On-the-job training.
     ii.   Off-the-job training.

Both parts (a) and (b), including the sub-parts were well answered, without much difficulty, by almost all candidates that attempted it.

QUESTION THREE

The general performance on this question was excellent. 6 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 85.7%. The lowest score was 8, whilst the highest was 20 out of 20 marks.

This question had two parts; and it required the candidates to:

(a) Explain how PESTEL factors influence the decision-making process in a business. This part was well answered as almost all candidates were able to express the PESTEL factors accordingly.

(b) Discuss any four (4) hygiene factors of Herzberg's theory applied to motivate employee. This part was also well answered as almost all candidates. However, candidates need to appreciate that when asked to 'Discuss', they should not just 'list' the points. This way they lose some marks even if the points listed are correct, but the discussion would be missing.

QUESTION FOUR

The general performance on this question was very poor. None of the 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 3 out of 20 marks.

Question four (4) was a scenario question about Katongo who joined a garment factory
plant as a supervisor in Rufunsa District. The question had three (3) parts; and it required the candidates to:

(a) Explain the quality management approaches that Katongo had introduced in the working of the Production Department as a corrective measure to control the output of the workers. This part was not well answered as almost all candidates could not identify the management approach used. Coordination should have been identified as the main approach identified.

(b) State briefly any two (2) points highlighting the importance of quality of management identified above. Since the answer to this part was linked to part (a), this part was also not well answered as most candidate had missed part (a).

(c) Outline any eight (8) Principles of Management by Henri Fayol which Katongo must consider to improve the working of the Production Department. Most candidates failed to list the Management principles as outlined by Henri Fayol.

Candidates are encouraged to study and know the Management Theories and their applications and below is the performance.

QUESTION FIVE

The general performance on this question was excellent. 6 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 85.7%. The lowest score was 6, whilst the highest was 20 out of 20 marks.

The question had two (2) parts; and it required the candidates to:

(a) Explain the five (5) Principles of good Corporate Governance.
(b) Identify and explain any five (5) elements of the Marketing mix.

Candidates found this question very easy. Majority of the candidates gave correct answers
on both parts of the question and scored high marks.

Overall performance of candidates

Highest mark obtained in this paper: 77%
Lowest mark obtained in this paper: 47%
Overall pass rate in this paper: 85.7%

SUBJECT: C2 ECONOMICS & FINANCIAL MATHEMATICS

QUESTION ONE

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 77.8%. The lowest score was 6, whilst the highest was 19 out of 20 marks.

This question required candidates to: distinguish between microeconomics and macroeconomics in part (a), outline any two (2) determinants of price elasticity of demand in part (b), explain any two (2) advantages and any two (2) disadvantages of a freely floating exchange rate in part (c0 and finally outline any three (3) examples of indirect taxes in Zambia.
The common mistakes observed were as follows:
(i) Inadequate distinction between the two economic concepts.
(ii) Confusing determinants of price elasticity of demand with determinants of demand.
(iii)Mix up with advantages and disadvantages of fixed exchange rate system.
(iv)This part was well answered completely.

QUESTION TWO

The general performance on this question was excellent. 8 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 88.9%. The lowest score was 1, whilst the highest was 20 out of 20 marks.

This question required candidates to: Outline any four (4) reasons why countries engage in international trade for part (a) and in part (b) to describe the current account of the balance of payments. Part (c) required them to explain any four (4) functions of commercial banks.

The common errors on this question were as follows:

(i) Some answers were inadequate, leading to loss of marks.
(ii) Few candidates confused objectives with functions of commercial banks. Overall performance was excellent.

QUESTION THREE

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 62.5%. The lowest score was 0, whilst the highest was 19 out of 20 marks.

This question was split in two parts with the first part requiring candidates to use the Poison Probability Distribution to find the required probabilities. it was noticed that the candidates could not fully apply the concept and formula hence lost marks on this part.

The second part required candidates to use method of NPV or Internal rate of return to select a viable project. The general performance on this question was bad due to use of wrong formula and inability to correctly use the results to give correct interpretation.

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 55.6%. The lowest score was 0, whilst the highest was 11 out of 20 marks.

The first part of the question required candidates to use the regression method to find the regression line, find the correlation coefficient. The general performance on this question was good.

The second part required use the given data to find the future and the amount to be deposited monthly. The main concept the candidates were required to use was calculation of future value of annuity.

QUESTION FIVE

The general performance on this question was very poor. Only 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 15 out of 20 marks.

The first part of the question required candidates to define an annuity while the second part required them to apply the formula of annuities to find the future value. Candidates were able to define the required term. It was nevertheless noted that majority of candidates did not perform well on the second part due to use of wrong formulae.

Part (c) of the question required candidates to use the normal distribution to find the required probabilities. The performance on this part was good as candidates demonstrated knowledge of the required task.

Part (d) required candidates to use the poison distribution to calculate the probabilities. it was observed that the candidates struggled to correctly find the probabilities due to use of wrong formulas.

Overall performance of candidates

Highest mark obtained in this paper: 83%

Lowest mark obtained in this paper: 18%

Overall pass rate in this paper: 44.4%

SUBJECT: C3: ACCOUNTANCY FOR TAX PRACTITIONERS

QUESTION ONE

The general performance on this question was fair. 7 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 41.2%. The lowest score was 4, whilst the highest was 15 out of 20 marks.

Part (a) required candidates to prepare a statement of cash flows for the year ended 31 December 2023. Candidates failed to establish the figure for payments to acquire NCA and showed lack of knowledge on the format for the statement.

Part (b) required candidates to list three (3) internal and seven (7) external stakeholders for a large business organization. This part was well answered.

QUESTION TWO

The general performance on this question was very good. 13 out of the 17 candidates who attempted the question managed to obtain a score of at least 10 out of 20 marks, thereby achieving a pass rate of 76.5% on the question. The lowest score was 4, whilst the highest was 17 out of 20 marks.

Part (a) required candidates to prepare the partnership profit or loss account. This part was well answered.

Part (b) required candidates to prepare the partnership appropriation account. No common mistakes identified.

Part (c) required candidates to prepare the partner's current account. Candidates had no particular challenge.

Part (d) required candidates to prepare the partners' capital account. No common errors were identified.

QUESTION THREE

The general performance on this question was good. 9 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 52.9%. The lowest score was 1, whilst the highest was 13 out of 20 marks.

Part (a) required candidates to briefly explain the meaning of the following terms in line with the IASB conceptual framework: -
(i) relevance

(ii) faithful representation

(iii)comparability

(iv)understandability

(v) timeliness

Candidates performed badly as they failed to explain the meaning of the given terms.

Part (b) (i) required candidates to prepare a manufacturing account. Good answers were presented.

Part (b) (ii) required candidates to prepare a statement of profit or loss account. Some candidates failed to use the cost of production from Part (b) (i) in place of purchases.

QUESTION FOUR

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 76.5%. The lowest score was 2, whilst the highest was 20 out of 20 marks.

Part (a) required candidates to draw up an opening journal to calculate capital at start. Many candidates failed to include the bank balance at start.

Part (b) required candidates to prepare a statement of profit or loss for the year ended 31 December 2023. Candidates failed to establish figures for sales and purchases due to lack of knowledge on incomplete records.

Part (c) required candidates to prepare a statement of financial position as at 31 December, 2023. This part of the question was answered well.

QUESTION FIVE

The general performance on this question was very poor. 2 out of the 15 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 13.3%. The lowest score was 2, whilst the highest was 12 out of 20 marks.

Part (a) (i) required candidates to draw up journal entries to correct the given errors. Lack of knowledge on double entry system contributed to poor answers presented.

Part (a) (ii) required candidates to prepare a suspense account. Error three (3) advertising presented a challenge to candidates.

Part (b) (i) required candidates to prepare a motor vehicles account at cost. It was well answered.

Part (b) (ii) required candidates to prepare the allowance for depreciation on motor vehicles account. Candidates failed to correctly establish the depreciation expense amount.

Part (b) (iii) required candidates to prepare the motor vehicles disposal account. Good answers were given.

Overall performance of candidates

Highest mark obtained in this paper: 66%
Lowest mark obtained in this paper: 11%
Overall pass rate in this paper: 64.7%

SUBJECT: C4: DIRECT TAXES

QUESTION ONE

The general performance on this question was excellent. 35 out of the 37 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 94.6%. The lowest score was 6, whilst the highest was 20 out of 20 marks.

This question was on the taxation aspects of a sole trader and had three parts (a) to (c). In parts (a) and (b)candidates were required to calculate the adjusted business profit and the final tax payable of a given sole trader.
The common mistakes observed included failure to identify disallowable expenditure which should have been added to net profit before tax.
Some candidates added both allowable and disallowable expenditure to net profit which was contrary to the application of the principle. Others failed to use correct tax tables even though they were included in the question paper.
In part (c) candidates were required to calculate presumptive taxes for the 2024 tax year in a given scenario and also to explain any five benefits of presumptive taxes.
The common mistakes noted were as follows:

(i) Failure to compute the correct presumptive tax.
(ii) Failure to explain the benefits of presumptive taxes which was one of the areas where they should have scored good marks.
(iii)Some candidates simply listed the benefits when the question required them to explain as a result only got half a mark.

QUESTION TWO

The general performance on this question was good. 25 out of the 37 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 67.6%. The lowest score was 1, whilst the highest was 20 out of 20 marks.

This question was on sources of tax laws and the taxation aspects of partnerships and had two parts (a) and (b).

In part (a), candidates were required to explain the sources of tax laws and regulations in Zambia and in part (b) candidates were required to calculate the partnership's final adjusted taxable business profit and the final taxable profit for each of the partners in the 2024 charge year.
The common mistakes observed on this part of the question were:

(i) Lack of knowledge on the sources of tax law.

(ii) Some candidates could not even explain them in spite of identifying the sources of tax law.
(iii) Failure to compute the correct final adjusted business profit after subtracting capital allowances.
(iv) Failure to apportion the profit and salaries before and after the admission of the new partner.
(v) Some candidates went further by taxing the partners individually even though the question did not require them to do so.

QUESTION THREE

The general performance on this question was very good. 30 out of the 37 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 81.1%. The lowest score was 3, whilst the highest was 20 out of 20 marks.

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

In part (a) candidates were required to explain the tax treatment of subscriptions paid by an employee and in part (b) candidates were required to Calculate the total amount of income tax payable by a given Kalusha for the tax year 2024.

The common errors observed on this question were:

(i) Failure to compute the salary correctly because the employee only worked for nine (9) months in the tax year 2024.
(ii) Failure to compute the correct allowances because they depended on the wrongly computed salary.
(iii) Failure to gross up consultancy fees and royalties before arriving at the taxable income.
(iv) Some candidates included treasury bills interest, bank interest and dividend where withholding tax is final for individuals.
(v) Some candidates used the wrong individual tax bands even though they were provided in the question paper.
(vi) Failure to compute and treat withholding tax on consultancy fees and royalties as tax credits which should have been deducted from the tax liability.

QUESTION FOUR

The general performance on this question was very good. 29 out of the 37 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 78.4%. The lowest score was 3, whilst the highest was 20 out of 20 marks.

This question was on badges of trade and turnover tax and had two parts (a) and (b). In part (a) candidates were required to briefly explain five (5) badges of trade which can be used to establish whether or not a trade exists. And in part (b) candidates were required to state the types of persons who are chargeable to turnover tax and those who are not and also to explain four (4) problems associated with turnover tax from the tax payers' point of view.

The common mistakes observed included the following:

(i) Failure to adequately explain the budges of trade even though they identified them correctly.
(ii) In part (b) (i) some candidates were unable to state the types of persons who are chargeable to turnover tax.
(iii) Some candidates mixed up the points with those who are not required to pay turnover tax.
(iv) In part (b) (ii), some candidates failed to state the persons who are not required to pay turnover tax.
(v) Some candidates provided general answers such as the Republican president, chiefs, NGOs etc. contrary to those required by the question.
(vi) In part (iii), most candidates failed to explain the problems of turnover tax.
(vii) Some candidates could not even attempt the question and ended losing those easy marks.

QUESTION FIVE

The general performance on this question was very good. 29 out of the 37 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 78.4%. The lowest score was 2, whilst the highest was 20 out of 20 marks.

This question was on property transfer tax and the taxation of a public limited company and was divided into two parts (a) and (b).

In part (a) candidates were variously required to state any two (2) documents required for the purposes of assessing property transfer tax on the transfer of shares in a company that is not listed on the Lusaka Securities Exchange, to explain the rules used to determine the realized value of land and mining rights for the purposes of assessing PTT and to describe any three (3) transactions which are exempt from PTT.

In part (b) candidates were required to calculate the maximum capital allowances claimable and income tax payable by a given public limited company in year ended 31 December 2024.

The common mistakes that were observed on this question were:

(i) In part (a) (i) Most candidates lacked knowledge on the documents required for the transfer of shares.
(ii) In part (a) (ii), Some candidates failed to explain the rules used to determine the realised value of land and mining rights.
(iii) Some candidates provided answers which were not specific to land and mining rights.
(iv) In part (a) (iii), Some candidates failed to describe three (3) transactions which are exempt from PTT and instead provided personalities who are exempted from PTT.
(v) In part (b) (i), Some candidates failed to compute the capital allowances because of using wrong rates for certain assets like manufacturing equipment which is 50% instead of 25% for other equipment.
(vi) In part (ii) some candidates failed compute the correct taxable profit.
(vii) Failure to compute the correct income tax payable due to the wrong rate used for a company which was listed on LUSE and issued shares to indigenous Zambians where a discount of 2% and 5% were applicable respectively.

Overall performance of candidates

Highest mark obtained in this paper: 95%
Lowest mark obtained in this paper: 35%
Overall pass rate in this paper: 83.8%

SUBJECT: C5: INDIRECT TAXES

QUESTION ONE

The general performance on this question was very good. 25 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 80.6%. The lowest score was 4, whilst the highest was 20 out of 20 marks.

This question was on the duties of the customs and excise division of ZRA and on regional bodies of SADCA and COMESA regional bodies and was divided into three parts (a), (b) and (c).

In part (a) candidates were required to state the powers of the Customs and Excise officials and to explain the role of the customs and excise division in the exportation of goods and the term currency declaration.

In part (b), candidates were required to explain four (4) conditions which must be met in order for the appointed administrator to import the personal effects of the deceased person.

And in part © candidates were required to explain any three (3) origin conferring criteria for goods to be accepted as originating in a member state in relation to SADC and COMESA regional bodies.

In part (a) (i), some candidates failed to state the powers of the Customs and Excise Division which were quite easy marks especially to those who were prepared.Some candidates stated the powers of the Commissioner as opposed to the powers of the Customs and Excise Division.

In part (ii), most candidates lacked knowledge on the role of the Customs and Excise Division in the exportation of goods.
In part (iii), some candidates completely failed to explain the term currency declaration and ended up losing easy marks.
The also failed to explain the implications on a person who refuses to make a declaration.
In part (b), most candidates also lacked knowledge on the conditions which must be met in order for the appointed administrator to import the personal effects of the deceased person.
In part (c), most candidate lacked knowledge on this part of the question. Those who tried to attempt the question were not able score good marks.

QUESTION TWO

The general performance on this question was fair. 12 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 38.7%. The lowest score was 1, whilst the highest was 15 out of 20 marks.

This question was variously on implications of errors made on VAT returns, matters which can be lodged with the Revenue Appeals Tribunal and standard rated banking services.

In part (a), candidates were required to explain implications of various errors made on the VAT return and VAT implications when a business is transferred as a going concern.

In part (b), candidates were required to eexplain the matters that can be lodged to the Revenue Appeals Tribunals where there is a dispute between the taxable supplier and ZRA.

And in part(c) candidates were required to list any seven banking services that are currently standard rated for VAT.

In part (a), common mistakes were:

Failure to explain the implications of errors and omissions discovered after the VAT return has already been filed.
Failure to explain the implications of errors and omissions discovered during the audit visit by ZRA officers.
Failure to explain implications of transferring the business as a going concern.

In part (b), the common mistakes were:

Most candidates lacked sufficient knowledge on this part of the question as they were not able to explain the matter that can be lodged to the Revenue Appeals Tribunal.

Some candidates ended up explaining the appeals procedure instead of matters which can be lodged to the tribunal.

In part (c), common mistakes were:

Failure to state the correct banking services that are standard rated for VAT.

Some candidates were completely off target and provided general services in the banking sector.

QUESTION THREE

The general performance on this question was very good. 25 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 80.6%. The lowest score was 1, whilst the highest was 19 out of 20 marks.

This question was on import taxes and had two parts (a) and (b).

In part (a), candidates were required to state four (4) conditions that should be met in order for the transaction value method to be used.

And in part (b) candidates were required to calculate the total amount of import duties paid by a given tax payer on each motor vehicle imported in the case study.

In part (a), common mistakes observed were:

Some candidates simply stated the methods of computing the value for duty purposes.
Other candidates exhibited lack of knowledge on this part of the question.

In part (b), common mistakes observed were:

Failure to compute the correct CIF because they included costs were incurred after the border.

Failure to compute the correct Value for Duty Purpose (VDP) as a result of using the wrong rate.

Failure to use the correct figures from the tables for customs and excise duty for an old imported vehicle.

Failure to compute the correct figures for customs and excise duty for the importation of new vehicles.

QUESTION FOUR

The general performance on this question was good. 23 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 74.2%. The lowest score was 3, whilst the highest was 16 out of 20 marks.

This was a VAT related question which looked at obligations of a person who is registered for VAT, bad debt relief claim procedure and calculation of VAT and was in three parts (a), (b) and (c).

In parts (a) and (b), candidates were required to explain obligations of a VAT registered person and the four steps to be followed in claiming bad debt relief respectively.

In part (c) candidates were required to calculate the amount of VAT payable or refundable for the month of June 2024 in a given case study.

In part (a) common mistakes were:

Failure to state the obligations of the VAT registered supplier which were quite easy marks.
In part (b), most candidates failed to explain the steps which must be followed when claiming bad debt relief.

In part (c) common mistakes were:

Failure to compute the correct output tax especially for standard rated sales.
Failure to compute the correct input tax. Some candidates lacked knowledge of the treatment of petrol and diesel.

Failure to compute the input tax percentage for the trader involved in both taxable and exempt supplies.

QUESTION FIVE

The general performance on this question was good. 19 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 61.3%. The lowest score was 2, whilst the highest was 20 out of 20 marks.

This question variously examined the duty drawback mechanism, customs union, regional integration and bonded warehouse and had two parts (a) and (b).
In part (a) candidates were required to explain the duty drawback and the intra region integration mechanisms also to list major factors on which Customs Union focuses on.

And in part (b) candidates were required to explain any three (3) requirements which must be met for an application by a client or occupier of a bonded werahouse to be approved and any two (2) advantages of a bonded warehouse

In part (a), common mistakes were:
Failure to explain the Duty drawback mechanism.
Failure to state the factors on which Customs Union focuses on.
Failure to explain the mechanisms to promote intraregional integration.
In part (b) common mistakes were:
Failure to explain the conditions for accepting an application from clients for bonded warehouse.
Lack of knowledge on the advantages of the bonded warehouse.

Overall performance of candidates

Highest mark obtained in this paper: 80%
Lowest mark obtained in this paper: 15%
Overall pass rate in this paper: 74.2%

SUBJECT: C6 LAW FOR TAX PRACTITIONERS

QUESTION ONE

The general performance on this question was excellent. 23 out of the 25 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 92%. The lowest score was 7, whilst the highest was 16 out of 20 marks.

This was a 3 part scenario question. The first part (a) required students to explain on the aspect of capacity to contract in relation to the scenario. Students did pretty well on this part. The second part (b) required them to explain the various incidents a principal may ratify acts of an agent. six stages of statute law making process. Most students did not do well on this part, henceforth, future students need to be helped in this area. The third part (c) required students to state the powers of trustees in bankruptcy proceedings. Students did pretty well on this part also. Students managed to pick out the correct answers and my view is that most of them followed to ZICA manual and examinations techniques which are readily available on ZICA website.

QUESTION TWO

The general performance on this question was very poor. 7 out of the 25 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 17 out of 20 marks.

The question had five parts.

(a) Candidates were creative in answering this one citing current examples from their favourite premier league football.
(b) The Candidates demonstrated a fairly good understanding.
(c) The question was answered very well by a majority of the candidates but the part on their enforcement was only answered by a few of the candidates.
(d) Candidates fully understood the requirement of this question, it was evident in the responses they gave despite the question only having 2 marks they gave thorough responses.
(e) This question was on categories of employees who enjoy special protection against dismissal. Firstly, the mark allocation was inadequate as only 2 marks were awarded for 3 responses which posed as a challenge.

In future, candidates must study according to the syllabus and follow the syllabus learning outcomes. The question was from within the syllabus, there was no strange material brought in.

QUESTION THREE

The general performance on this question was excellent. 24 out of the 25 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 96%. The lowest score was 5, whilst the highest was 14 out of 20 marks.

The total number of candidates who attempted the questions, percentage of those who passed and failed the question

Question three was divided into three parts. Parts (a) and (b) were based on insurance law while part (c) was based on the law of contract.

(a) Most candidates managed to give the correct advice.

(b) Under part (b), also they managed to give the correct advice under insurance law.

(c) Under this part most candidates managed to give the correct advice on capacity even citing the correct case. For those who did manage to give the correct answer, perhaps they did not take enough time to study the topic on capacity in the law of contract.

Candidates must in future study all topics in great details so as to be able to respond to questions correctly. About 99% managed to get beyond a 50% pass mark in this question. The question was very clear. Students were able to appreciate fully the principles surrounding vicarious liability. The 1% which failed need to actively study widely and revise the ZICA manual thoroughly.

QUESTION FOUR

The general performance on this question was excellent. 23 out of the 23 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 20 out of 20 marks.

The question was on innocent misrepresentation, vitiation of contracts and remedies thereto and a definition of law, causation and negotiable instruments. Future candidates are encouraged to read widely and revise this topic as it is highly examinable.

QUESTION FIVE

The general performance on this question was excellent. 24 out of the 25 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 96%. The lowest score was 0, whilst the highest was 17 out of 20 marks.

The question was on the advantages of joint ventures, distinction between hire purchase and credit sale and the need for a partnership agreement. The question was well attempted with candidates getting about 99% on the question. Candidates should be encouraged to read a bit more especially on the differences between hire purchase and credit sale. The question was well crafted without any issues.

Overall performance of candidates

Highest mark obtained in this paper: 79%
Lowest mark obtained in this paper: 29%
Overall pass rate in this paper: 96%

SUBJECT: D1: BUSINESS INFORMATION MANAGEMENT

QUESTION ONE

The general performance on this question was good. 4 out of the 7 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 16 out of 25 while the lowest was 8.

The question was about identifying five negative impacts of technology on workplaces in an organisation, explaining the importance of a structured Information System development process by giving three examples to support the explanation, outlining two technologies that can be used for collaborative work and explaining the concept of Total Quality Management (TQM) in relation to digital transformation.

The common mistakes were as follows:

(i) Most students had challenges in explaining the three examples to support the explanation as requested.
(ii) Some students could not explain the concept of TQM as they pursue their digital transformation project.

QUESTION TWO

The general performance on this question was good. 5 out of the 7 candidates that attempted it managed to get at least 13 marks out of 25. The pass rate recorded was 71.4%. The highest mark scored was 18 out of 25 while the lowest was 7.

The question was about explaining the stages of project management, three critical success factors that could be influenced by information technology, explaining the importance of systems user acceptance testing when implementing new information systems of software solutions and outlining the four types of relationships that exist in a relational database design.

The common mistakes were as follows:

(i) Some students did not understand the critical success factors that could be influenced by information Technology to achieve its strategic objectives effectively
(ii) Some students were stating types of system testing and not what the question was asking
(iii) Very few students managed to outlining the four types of relationships that exist in a relational database design

QUESTION THREE

The general performance on this question was poor. 1 out of the 7 candidates that attempted it managed to get at least 13 marks out of 25. The pass rate recorded was 14.3%. The highest mark scored was 14 out of 25 while the lowest was 4.

The question was about outlining five key considerations to take into account when aligning its business strategy with IS/IT solutions, stating three concepts of CIA in relation to computer security, explaining the term globalization when applied to business and mentioning six knowledge management techniques that could be beneficial to the organisation.

The following were the common mistakes noted in this question:

(i) Most students did not understand the initials CIA (Confidentiality, Integrity and Availability) for computer security, their answers were just stating the concept without explaining it in relation to computer security
(ii) Most students failed to mention the six knowledge management techniques that could be beneficial to the organisation. Some were mentioning Information systems.

QUESTION FOUR

The general performance on this question was poor. 2 out of the 7 candidates that attempted it managed to get at least 13 marks out of 25. The pass rate recorded was 28.6%. The highest mark scored was 17 out of 25 while the lowest was 4.

The question was about mentioning five techniques that can be used to monitor and evaluate activities that are being done on a project, explaining with examples the importance of implementing security and legal requirements in the context of an organisation's digital transformation efforts, types of decision support systems and distinguishing insourcing from outsourcing.

The following were the common mistakes noted in this question:

(i) Most students were mentioning project planning tools and not monitoring and evaluation tool being done on a project
(ii) Some students could not adequately define and list the types of decision support systems
(iii)Some students could not distinguish insourcing from outsourcing correctly

Overall performance of candidates

Highest mark obtained in this paper: 57%
Lowest mark obtained in this paper: 31%
Overall pass rate in this paper: 42.9%

SUBJECT: D2: FINANCIAL MANAGEMENT

QUESTION ONE

The general performance on this question was very poor. 5 out of the 19 candidates that attempted it managed to get at least 13 marks out of 25. The pass rate recorded was 26.3%. The highest mark scored was 21 out of 25 while the lowest was 2.

(i) The candidates were required to evaluate whether purchasing the new machine is financially acceptable. Candidates were not calculating the tax correctly for year 2, to 5. Candidates did not indicate Depreciation benefits. Other candidates did not include working capital. Others did not include the resale value. Because of these omissions. Present Values were wrongly calculated.

(ii) This part of the question required the candidates to calculate market value of the loan notes and discuss limitation of dividend growth model. Candidates did not demonstrate that the loan notes will be K942,29 and is referred to as the floor value of the loan notes. Further candidates should have demonstrated that the effect of an increase by 6% and what the price of the share will be in seven years' time. Candidates did not show that the conversion value as being K1,075. Candidates would now have stated that Holders of loan notes are likely to prefer conversion because it is higher than the nominal value and also higher than the expected market value of K990,82 per loan note at the end of seven years. The Current Market value can be K991.

(iii)The candidates were required in their answers to identify and then explain the various types of Non-Tax revenue as a source of Government Revenue. Some answers only stated two (2) and some did not state any one of them.

Candidates should explain what the Dividend Valuation model does i.e it values the ordinary shares of a company as the present value of its expected future dividends and it assumes that these future dividends increase at a constant annual rate. State also the challenges that although predictions can be made of future dividends, future dividends cannot be known with certainty. Experience does not agree with that assertion because many factors are taken into account and that after all dividends do not increase at a constant annual rate in the real world. Candidates should know that that the cost of equity will change as economic circumstances change. Candidates could have done well to bring in the aspect of CAPM which suggests that the cost of equity will vary with changes in systematic risk whether business risk or financial risk. Therefore, it is unrealistic to expect that the cost of equity will remain constant in the future. The value placed on shares will often reflect the value of the expected future dividend income.

QUESTION TWO

The general performance on this question was fair. 8 out of the 19 candidates that attempted it managed to get at least 13 marks out of 25. The pass rate recorded was 42.1%. The highest mark scored was 15 out of 25 while the lowest was 8.

(i) This part of the question required the candidates to calculate the cost of equity using the divided growth model. For this calculation, the candidates needed to identify the price per ordinary share which was currently trading of Iolanda Plc(K4.26) and its nominal value (0.25). The nominal value was expected to be multiplied by the % increase of 1.04. the product to be divided by the current trading of the share which was K4.26 and then added was the 4% yearly increase in order to finally come up with the Cost of Equity.

Most common mistakes was the non-identification of the current trading rate per share and the % increase. This resulted into an incorrect WACC calculation. The candidates further common mistakes were the non-calculation of the cost of preference shares, cost of debt of loan notes, After-tax cost of loan notes, cost of debt of bank loan and Market Values of Equity, Preference Shares, Loan notes and Bank Loan.

(ii) This part of the question required the candidates to discuss the correlation between relative costs of sources of finance and the creditor hierarchy. The answers should have included a short explanation on what is meant by relative costs of sources of finance and the how the liquidation payment hierarchy in redeeming the liabilities in an event of liquidation of a company.

(iii) Some candidates were not able to respond to this part of the question due to their inability in explaining clearly why debt financing may be preferred where maturity of the debt can be matched to the expected life of the investment project and also the candidates needed to justify as to why a company may prefer equity financing.

(iv) Some candidates failed in their responses to state the different types of Stock Market efficiency and their categorization, being that of Weak Form efficiency, Semi-strong form of efficiency and Strong- form efficiency and clearly stating the significance of one of these, that of semi-strong efficiency.

QUESTION THREE

The general performance on this question was poor. 5 out of the 19 candidates that attempted it managed to get at least 13 marks out of 25. The pass rate recorded was 26.3%. The highest mark scored was 19 out of 25 while the lowest was 3.

Common mistakes of the candidates that responded to this section of the question was as a result of failing to use growth of dividend per share at the year end and annual expected growth rate in dividends and earnings in calculating the cost of equity as was required.

(a) The candidates were required to use capital asset pricing model in calculating the cost of equity for this part of the question. This required that they determine the (Ba) and (Be). This was not done and subsequently incorrect Cost of Equity using this model.

(b) Most Candidates did not answer this part of the question altogether and hence avoided to respond to it.

(c) The answer to this part of the question required the candidate to explain as to why investment finance may be limited, even when a company may have an attractive investment opportunity available to it. The responses should have included an explanation on what is meant by Hard Capital Rationing and Soft Capital Rationing, which was not done by those candidates that attempted this section of the question.

QUESTION FOUR

The general performance on this question was poor. 4 out of the 19 candidates that attempted it managed to get at least 13 marks out of 25. The pass rate recorded was 21.1%. The highest mark scored was 20 out of 25 while the lowest was 3.

Part (a) required a candidate to prepare a consolidated statement of financial position. Some students missed the opportunity to earn partial marks, and hence scored lower marks, due to the absence of support workings for goodwill, group retained earnings and non – controlling interests etc.

Part (b) asked candidates to discuss the conditions which should be satisfied for a company acquired by a group to be considered as either an associate or a subsidiary of a group. Answers were generally satisfactory.

Overall performance of candidates

Highest mark obtained in this paper: 57%
Lowest mark obtained in this paper: 29%
Overall pass rate in this paper: 36.8%

SUBJECT: D3: BUSINESS TAXATION

QUESTION ONE

The general performance on this question was very good. 11 out of the 15 candidates that attempted it managed to get at least 13 marks out of 25. The pass rate recorded was 73.3%. The highest mark scored was 21 out of 25 while the lowest was 10.

This question was on tax computation aspects for a banking institution and an individual farmer and was divided into two parts (a) and (b).

In part (a) candidates were required to variously calculate capital allowances, adjusted business profits and the amount of income tax payable by a given bank for the charge year 2024.

In part (b) (i) candidates were required to **s**tate, with explanation, the date by which the irrevocable election to average farming income was to be made in the given case study.

In part (b) (ii), candidates were required to calculate the income tax payable on the farming income for the tax year 2023 assuming that a given farmer was successful in making the election to average profits of 2023 and 2024 tax years.

And in part b(ii), candidates were required to explain the meaning of farm improvements and farm works, giving one example of each.

In part (a) (i), common mistakes were:

Most candidates computed capital allowances correctly except for a few of them who had minor challenges such as wrongly computing the balancing allowance for the disposal of an old office equipment.

In part (ii), common mistakes were:

Failure to compute the correct tax adjusted business profit as a result of failure to identify disallowable expenditure which should have been added to the net profit.

Most candidates failed to compute the disallowable amount on gifts for lack knowledge on this area.

In part (ii) common mistakes were:

Failure to compute the correct final income tax payable because of the wrong figure in part (a) above.

Failure to gross up royalties in arriving at the taxable income.

Failure to compute the withholding tax on interest and royalties which should have been treated as a tax credit.

In part (b) (i) and (ii), Some candidates failed to explain bothe the farm improvements and farm works and lost vital marks.

In part (iii) common mistakes were:

Lack of the knowledge on averaging farming profits for two consecutive years.

Failure to compute the correct income tax for a farming business.

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 25 out of 25 while the lowest was 3.

This question was on the taxation of partnerships, badges of trade and liquidation procedure and had three parts (a), (b) and (c).

In part (a), candidates were required to explain how the capital allowances on assets owned by individual partners are treated in the partnership business and to show how the profits and losses will be shared between the partners for the tax year 2024.

In part (b), candidates were required to explain any five (5) badges of trade used by the Zambia Revenue Authority (ZRA) to determine the existence of trade for tax purposes.

And in in part (c), candidates were required to explain the process of liquidating a company.

In part (a) (i) some candidates failed to explain the treatment of assets owned by the individual partners. Some simply mentioned that they are deducted.

In part (ii) common mistakes were:

Failure to apportion the profit and salaries before and after the admission of the new partner.

In part (b) Most candidates scored good marks on this part of the question but others were unable to give satisfactory explanations for each.

In part (c), some candidates failed to explain the process of liquidation according to the order of events and lost quite easy marks.

QUESTION THREE

The general performance on this question was poor. 5 out of the 15 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 3.

This question covered the calculation of import taxes, financing of non-current assets and company tax computation and had five parts (a) to (e).

In part (a), candidates were required to calculate the amount of import taxes to be paid by a given company on the importation of Toyota Fortuner Car inclusive of a computation of total cost of the motor vehicle qualifying for capital allowances.

In parts (b) and (c), candidates were required to explain the taxation implications of using the bank loan to acquire the Toyota Fortuner Car and that of using the hire purchase to acquire the Mitsubishi Delivery Truck.

And in part (d), candidates were required to calculate the amount of income tax payable by a given company for the tax year 2024.

In part (a) common mistakes observed were:

(i) Failure to compute the correct CIF because of the inclusion of costs which were incurred after the border post.
(ii) Failure to compute the Value for Duty Purposes due the use of the wrong rate to translate the CIF into the value for duty purposes. The correct rate to use is that which is recommended by the Commissioner General.
(iii) Failure to read the correct rates for the customs and excise duties from the table of rates as provided in the question paper.

In part (b) common mistakes were:
Most candidates failed to give satisfactory answers to this part of the question due to lack of knowledge.
Others mentioned that the interest was tax allowable but they could not compute that amount of interest allowable.
Some mentioned that the company was entitled to capital allowances but failed to compute the amount of capital allowances deductible.

In part (d), common mistakes were:
Failure to compute the correct taxable business profit due to wrong adjustments made to the business profit.

Failure to compute the correct company income tax payable because of the wrongly computed taxable income.

Failure to compute the Earnings before interest, tax depreciation and amortisation (EBITDA) in order to compute the allowable and disallowable amount of interest.

QUESTION FOUR

The general performance on this question was poor. 5 out of the 15 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 3.

This question was on the tax aspects of mining companies and had three parts (a) to (c).

In these parts candidates were required to calculate amount of mineral royalty tax paid, taxable mining profit and income tax payable.

In part (a) common mistakes were:

Failure to compute the mineral royalty tax due to the use of wrong rates.

Failure to explain the treatment of mineral royalty tax which is deducted from the taxable business profits.

In part (b), most candidates failed to compute the indexed capital allowances for the mining equipment due to insufficient knowledge.

In part (c) common mistakes were:

Failure to gross up royalties and bank interest before computing the EBITDA used to compute the interest allowable and disallowable.

Failure to compute the earnings before interest, tax, depreciation and amortisation (EBITDA)

In part (d) common mistakes were:

Failure to compute the correct taxable business profits due to wrong additions and deductions made to the profit before tax.

Some candidates grossed up investment income when computing the tax adjusted business profits.

In part (e), common mistakes were:

Failure to compute the company income tax payable because of the wrongly computed taxable income.

Failure to compute the withholding tax on royalties and bank interest which should have been treated as tax credits when computing the final company income tax payable.

Overall performance of candidates

Highest mark obtained in this paper: 73%
Lowest mark obtained in this paper: 24%
Overall pass rate in this paper: 36.8%

SUBJECT: D4: PERSONAL TAXATION

QUESTION ONE

The general performance on this question was good. 7 out of the 13 candidates that attempted it managed to get at least 13 marks out of 25. The pass rate recorded was 53.8%. The highest mark scored was 22 out of 25 while the lowest was 6.

This question was on taxation of employment income and investment income for individuals and it required candidates to **c**ompute the income tax payable by a given Kasonde for the tax year 2024.

The common mistakes observed in this question were:

(i) Failure to compute the correct salary as the employee's salary was increase after two (2) months.
(ii) Failure to compute the correct allowances because they were based on the wrongly computed salary figure.
(iii) Failure to compute and correctly treat income from overseas, probably due to insufficient knowledge on this part of the syllabus.
(iv) Failure to compute the double taxation relief from foreign income as most candidates did not understand the subject matter.

QUESTION TWO

The general performance on this question was very good. 9 out of the 12 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 25 out of 25 while the lowest was 8.

This question covered taxation implications of setting up a business as either a partnership or limited company and had three parts (a) to (c).

In part (a) candidates were required to **c**alculate the amount of income tax payable by Peter and Grace for the tax year 2024 if the business was run as a partnershi

In part (b), candidates were required to calculate the amount of income tax and NAPSA contributions payable by Peter and Grace for the tax year 2024 and the amount of income tax and NAPSA contributions payable by Pegra Limited for the tax year 2024 assuming that the business is run as a limited company.

And in part (c), candidates were required to advise Peter whether to run the business as a partnership or incorporate the business and run it as a limited company.

In part (a), common mistakes were:

Failure to compute the correct adjusted business profit due to wrongly computed capital allowances which were deducted from the business profit.

Some candidates wrongly apportioned the profits before tax.

Failure to compute the correct income tax payable by each partner.

In part (b) (i) common mistakes were:

Failure to compute the correct payable by each partner because of not understanding the principle on tax planning.

Failure to compute the employee's NAPSA due to lack of knowledge on tax planning.

In part (ii) most candidates failed to compute the correct company income tax payable because of the wrongly computed tax adjusted business profit. The reason being lack of knowledge on the subject matter.

Failure to provide appropriate advice in terms of whether a tax payer should run the business as a partnership or as a limited company, again due to lack of understanding of the tax planning.

QUESTION THREE

The general performance on this question was poor. 5 out of the 13 candidates that attempted it managed to get at least 13 marks out of 25. The pass rate recorded was 38.5%. The highest mark scored was 18 out of 25 while the lowest was 8.

This question covered the presumptive taxes for transporters, tax appeals process and rental income tax. It had three parts (a) to (c).

In parts (a), (c), (d) and (e) candidates were required to variously explain the tax treatment of the expenses Chikondi was to incur wholly and exclusively in running the transportation business, explain five (5) benefits of presumptive taxes, explain the Tax appeals process a tax payer should follow for an objection against an income tax assessment made by the Zambia Revenue Authority (ZRA).

And in part (b) candidates were required to compute the amount of tax payable by Chikondi for tax year 2024, in respect of his transportation business.

In part (a) most candidates lacked knowledge on the treatment of expenses incurred by someone who is involved in the transportation business.
In part (b) common mistakes were:
Failure to compute the correct presumptive taxes of the transportation business.
Failure to use the tax tables on the presumptive taxes.

In part (c) most candidates scored good marks on this part of the question except for a few of them who did not give satisfactory explanation on the benefits of the presumptive tax system and lost vital marks.

In part (d) most candidates performed poorly on this part of the question because of lack of knowledge on the tax appeals process. Those who attempted the question simply provided jumbled points contrary to the procedure.

In part (e) common mistakes were:
Failure to explain the tax treatment of rental income. Others seemed not to be aware the rental income is now taxable under turnover tax and not withholding tax.
Failure to the state the correct due date for the payment rental income tax.

QUESTION FOUR

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 8.

This question was on share option schemes and the distinction between employed and self-employed individuals and had three parts (a) to (c).
In parts (a) and (b), candidates were required to explain the tax implications of participating in a share option scheme that is not approved for tax to the employer and to the employee as well as the reasons why it is important to distinguish between employees and self-employed persons for income tax and NAPSA contributions purposes.

And in part (c), candidates were required to discuss any Six (6) tests used by the ZRA to distinguish self-employment from employment.
In part (a) common mistakes were:
Failure to explain the tax benefits of an approved share option scheme to both the employer and the employee due to lack of knowledge on the subject matter.

In part (b) some candidates provided unsatisfactory answers on the importance of the distinction between employees and self- employed. Most of the answers were too general, not really addressing the requirements of the question.
In part (c) The majority of candidates scored good marks on this part of the question. The few who did not perform well could be as a result of giving wrong explanations.

Overall performance of candidates

Highest mark obtained in this paper: 77%
Lowest mark obtained in this paper: 30%
Overall pass rate in this paper: 76.9%

SUBJECT: D5: INTERNATIONAL TAXATION

QUESTION ONE

The general performance on this question was very good. 8 out of the 10 candidates that attempted it managed to get at least 13 marks out of 25. The pass rate recorded was 80%. The highest mark scored was 19 out of 25 while the lowest was 7.

Most candidates performed well on this question.
 In part (a) a few candidates failed to interpret the reverse VAT requirements and lost the marks. Others failed to deal with foreign income in part (d) of the question.
Most candidates failed to compute the Double taxation relief.

QUESTION TWO

The general performance on this question was very good. 8 out of the 10 candidates that attempted it managed to get at least 13 marks out of 25. The pass rate recorded was 80%. The highest mark scored was 22 out of 25 while the lowest was 6.

In part (a) (i) some candidates failed to correctly state the benefits of globalisation and its risks.

In part (b) Most candidates failed to correctly interpret the source and residence concept and ended up with wild answers.
In part (c) there was failure by some candidates to interlink the tax law and human rights and lost the marks.

QUESTION THREE

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.

Part (a) (i) was well answered by most candidates and scored the full marks. However, part (i) failed lamentably due to lack of knowledge on benefits of cross border mergers.

Part (iii) was well articulated by most candidates.

In part (b) some candidates failed to pick the full marks as the failed to state the main problem of transfer pricing and the response of OECD.

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 20 out of 25 while the lowest was 4.

Overall performance of candidates

Highest mark obtained in this paper: 77%
Lowest mark obtained in this paper: 20%
Overall pass rate in this paper: 80%

SUBJECT: D6: TAX AUDIT AND INVESTIGATIONS

QUESTION ONE

The general performance on this question was poor. 1 out of the 9 candidates that attempted it managed to get at least 13 marks out of 25. The pass rate recorded was 11.1%. The highest mark scored was 16 out of 25 while the lowest was 3.

This question was on audit plan aspects and had five parts (a) to (e.)
In part (a) and (b), candidates were required to state the contents and description of an audit plan and the contents of the information to be briefed by the tax audit team to the taxpayer during the introduction meeting and the contents and description of an audit plan.

In parts (c) to (e), candidates were required to explain the categorization of audit evidence, any five (5) activities the tax auditors should carry out to finalise the tax audit and any three (3) assurances a qualitative tax audit provides.

In part (a) of this question, well prepared candidates clearly stated the contents and description of an audit plan. However, some candidates failed to do so as they brought contents of the audit plan in the contents of the de brief meeting of part (b) of the question.
In part (c) most candidates failed to clearly categorize the audit evidence and lost the marks.
In part (d) well prepared candidates were able to score the full marks. However, some of them failed to state the activities to be carried by a tax auditor due to lack of knowledge. The lack of knowledge was also shown in part € of 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 25 out of 25 while the lowest was 8.

This question was on various audit issues including audit programme, types of tax audits and the legal framework and had three parts (a) to (c).
In parts (a) and (b), candidates were required to explain any five (5) main roles of a taxpayer audit programme and five (5) types of tax audits.

In part (c), candidates were required to state any five (5) elements of a tax legal framework as it relates to the tax audit function.
Part (a, b and c) were well answered by good, prepared candidates despite some of them failing to correctly state:

The roles of a taxpayer, the main types of tax audit that can be conducted by a tax auditor and the elements of a tax legal framework. Those who failed showed lack of knowledge on the subject matter. More effort is needed to applied through consistent study.

QUESTION THREE

The general performance on this question was excellent. 7 out of the 8 candidates that attempted it managed to get at least 13 marks out of 25. The pass rate recorded was 87.5%. The highest mark scored was 20 out of 25 while the lowest was 6.

This question was on audit aspects on the banking sector and was divided into four parts (a) to (d).

In parts (a), (b) and (d), candidates were required to explain the following issues:

(i) meaning of non-performing loans
(ii) the income tax treatment of foreign exchange differences.
(iii)the tax treatment of the following as they apply in the telecommunications sector

(iv)Discounts to airtime dealers

(v) Discounts to subscribers

(vi)Roaming charges and income

And in part (c), candidates were required to calculate the amount of income tax payable by a given Invest Pro Bank Plc for the tax year 2024
Part (a) and (b) were well answered by most candidates despite a few of them failing to state the correct tax treatment of foreign exchange gain.

Part (c) a lot of candidates performed well despite some of them who did not know how to treat and apply the investment income such as Royalties and dividends. For the candidates who failed to compute the correctly income tax payable may be attributed to wrong application of investment income

Part (d) of this question had most candidates scoring poor results. There is lack of understanding in terms of tax treatment of charges in the telecommunications sector. More study and research is needed in this area

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 21 out of 25 while the lowest was 8.

This question covered international tax aspects including transfer pricing, tax investigations and types of leases and had five parts (a) to (e).

In parts (a), (d) and (e), candidates were required to explain the following issues:

(i) the term transfer pricing and Arm's length principle
(ii) any five (5) types of Enterprises on which a tax investigation can be conducted regarding Transfer Pricing.
(iii) the income tax implications, of acquiring assets under an operating lease or a Finance

And in part (d), candidates were required to ccompute the amount of income tax payable by a given Bupilo Intel Plc for the tax year 2024.

In part (a), (b) and c) well prepared candidates were able to correctly explain the meaning of the terms; transfer pricing and arms-length principle. And scored the full marks. However, some of the candidates merely stated wild answers and failed the full marks. This part required full knowledge on and the subject matter.

Part (d) showed poor performance by most candidates as the lamentably failed to respond to the question requirement. There were strange and wild answers far away from the question requirement.
Part (e) had most candidates scoring the full marks.

Overall performance of candidates

Highest mark obtained in this paper: 74%
Lowest mark obtained in this paper: 29%
Overall pass rate in this paper: 55.6%