JUNE 2026 EXAMINATIONS

CHIEF EXAMINERS REPORTS

TAXATION

SUBJECT: C1 BUSINESS MANAGEMENT

QUESTION ONE

The general performance on this question was good. 1 out of the 2 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 50%. The lowest score was 4, whilst the highest was 14 out of 20 marks.

This question had two (2) parts; part (a) and (b). Part (a) required candidates to explain with the help of a diagram how managers can use Maslow's hierarchy of needs theory to motivate employees. The candidates answered this part very well.

Part (b) had three (3) sub-points and required candidates to explain these elements in relation to Vroom's Expectancy Theory. One candidate could not answer this part correctly and lost the marks.

QUESTION TWO

The general performance on this question was excellent. Both candidates that 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 15, whilst the highest was 17 out of 20 marks.

This question was divided into three (3) parts; part (a), (b) and (c).

Part (a) candidates were asked to identify five (5) points to advise management on how internal recruitment can contribute to growth of the business. All the candidates answered this part correctly.

Part (b) the candidates were required to distinguish between transactional and laissez-faire style of leadership. The candidates drew the correct distinction.

Part (c) This part was well answered by all the candidates.

QUESTION THREE

The general performance on this question was good. 1 out of the 2 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 50%. The lowest score was 9, whilst the highest was 11 out of 20 marks.

This question had three (3) parts; part (a), (b) and (c).

Part (a) required candidates to explain the strategic choices that are made at both business and corporate levels. The candidates had difficulties explaining the strategic choices at the two levels. The language was more strategic.

Part (b) candidates were asked to describe the three (3) features of corporate strategy. The candidates performed fairly well on this part of the question.

Part (c) required candidates to list any four (4) factors to consider when choosing the site of distribution. One candidate managed to give correct factors the other candidate had challenges.

QUESTION FOUR

The general performance on this question was excellent. Both candidates that 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 18, whilst the highest was 18 out of 20 marks.

This question had three (3) parts; part (a), (b) and (c). In part (a) candidates were expected to give three (3) advantages and three (3) disadvantages of authoritarian style of leadership. This part was well answered by the candidates.

Part (b) candidates were required to state three (3) factors that should be considered to ensure performance appraisal achieves its objectives. The candidates gave three (3) correct factors.

Part (c) had four (4) sub-points where candidates were required to briefly explain four (4) management concepts. All the four concepts were correctly explained.

QUESTION FIVE

The general performance on this question was equally excellent with both of the candidates that attempted the question achieving 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 14, whilst the highest was 20 out of 20 marks.

This question was divided into three (3) parts; part (a), (b) and (c).

Part (a) required candidates to explain four (4) ways of how new employees learn culture in an organisation. The candidates managed to explain the four correct ways.

In part (b), this part of the question required candidates to define effective business communication. All the candidates gave the correct definition of effective business communication.

Part (c) required candidates to discuss five (5) barriers to effective communication. This part was equally well answered by the candidates.

Overall performance of candidates

Highest mark obtained in this paper:	70%
Lowest mark obtained in this paper:	70%
Overall pass rate in this paper:	100%

SUBJECT: C2 - ECONOMICS & FINANCIAL MATHEMATICS

QUESTION ONE

The general performance on this question was very poor. None 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 0%. The lowest score was 0, whilst the highest was 6 out of 20 marks.

This was a compulsory question attempted by all the 5 candidates.

The question was divided into three (3) parts namely (a), (b) and (c) as follows:

(a) This part of the question required candidates to define the term price elasticity of demand. The performance on this question was poor. The definitions were surprisingly very poor. Candidates are strongly urged to study the entire syllabus as they prepare for this examination.
(b) This question required candidates to outline any four (4) factors that affect the price elasticity of demand for a good. This was fairly well done. However, no candidate was able to correctly outline all the four (4) factors.
(c) This question required candidates to explain any three (3) monetary policy tools used in Zambia. This too was poorly done. Candidates seemed not to understand what monetary policy tools are. None could clearly state the correct monetary policy tools let alone explaining them. Some candidates' explanations boarded on taxation and government spending which are not part and parcel of monetary policy.

QUESTION TWO

The general performance on this question was 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 9, whilst the highest was 20 out of 20 marks.

This was another compulsory question attempted by all 5 candidates.

The question was divided into three (3) parts namely (a),(b), (c) and (d) as follows:

(a) The question required candidates to explain the output, income and expenditure approaches to measurement of Gross Domestic Product (GDP) in Zambia. This was well answered by the majority of the candidates. However, some explanations were of poor quality.
(b) This question required candidates to explain the following government stabilization policies:
    (i) Expansionary policies
    (ii) Contractionary policies, in line with government stabilization policies.

    Expansionary and contractionary policies were well answered though some candidates weighted only on either monetary policy or fiscal policy instead of both.

(c) This question required candidates to explain the following terms of payment used in international trade:

    (i) Open account trading
    (ii) Documentary credits

    Performance on this question was poor. There is evidence that this seems to be a neglected topic. Candidates are urged to study the entire syllabus.

QUESTION THREE

The general performance on this question was good. 2 out of the 3 candidates who attempted the question achieved a pass (that is a score of at least 10 out of 20 marks), representing a pass rate on the question of 66.7%. The lowest score was 1, whilst the highest was 18 out of 20 marks.

This question was in two parts. The first part required candidates to apply the method of NET Present Value to establish the better investment from two given choices. The general performance on this part was not good, mainly due to computation errors and use of wrong formulas.

The second part required candidates to use the method of linear regression to find the regression from the given sets of data. The performance on this part was good even though there some candidates who failed the question due to use of wrong totals.

QUESTION FOUR

The general performance on this question was poor. One of the 3 candidates who attempted the question achieved a pass (that is a score of at least 10 out of 20 marks), representing a pass rate on the question of 33.3%. The lowest score was 0, whilst the highest was 10 out of 20 marks.

Part (a) of this question required candidates to use the given data on probability distribution to find the expected value and standard deviation. Candidates demonstrated knowledge on computing the required values.

Part (b) of the question required candidates to use the given scenario and apply the principle of compound interest to find the interest rate. Candidates failed to solve this question mainly due to use of wrong formulas.

Part (c) required candidates to use the Poison distribution method to find the required probabilities. Inability to use the correct values into the formula resulted in candidates losing marks on this question.

QUESTION FIVE

The general performance on this question was very poor. None out of the 3 candidates who attempted the question achieved a pass (that is a score of at least 10 out of 20 marks), representing a pass rate on the question of 0%. The lowest score was 2, whilst the highest was 9 out of 20 marks.

The first part of this question required candidates to use the Normal distribution method to find probabilities. candidates were observed to have been using the correct formula but inability of correctly reading the Z tables resulted in having wrong probability and eventual wrong final solutions.

The second part of the question required candidates to use the compounding interest method to establish the correct investment quarterly deposit for a 20 year investment and use the result to find the total amount deposited and interest accumulated.

Overall performance of candidates

Highest mark obtained in this paper: 54%

Lowest mark obtained in this paper: 14%

Overall pass rate in this paper: 20%

SUBJECT: C3 – ACCOUNTANCY FOR TAX PRACTITIONERS

QUESTION ONE

The general performance on this question was excellent. All the 7 candidates that 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 10, whilst the highest was 16 out of 20 marks.

Part (a) required candidates to prepare a statement of profit or loss account for the year ended 30th June 2025.
Part (b) required candidates to prepare a statement of financial position as at 30th June 2025.
Part (c) required candidates to prepare journal entries to correct four given errors. Candidates had challenges on c (i) and c (iv).
Part (c) (i) required candidates to show the effect of posting an item to the wrong side of the ledger. i.e.
Debit Discount allowed with K3000
Debit Discount received with K3000
Credit suspense with K6000
Part (c) (iv) candidates were expected to deal with only K15000 NOT K100000, i.e.
Debit stationery expense account with K15000
Credit office equipment account with K15000

QUESTION TWO

The general performance on this question was very poor. None 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 0%. The lowest score was 0, whilst the highest was 6 out of 20 marks.
Part (a) required candidates to prepare the partnership appropriation account. This part of the question proved to be difficult because of the requirement to apportion the statement into two reporting periods i.e. the first 9 months and the second 3 months due to the change in partnership agreement. Candidates failed to aportion the figures.
Part (b) required candidates to prepare the partners current accounts for the year.

QUESTION THREE

The general performance on this question was very poor. None out of the 6 candidates who attempted the question achieved a pass (that is a score of at least 10 out of 20 marks), representing a pass rate on the question of 0%. The lowest score was 2, whilst the highest was 8 out of 20 marks.

Part (a) (i) required candidates to calculate the revised cash book amount i.e. updating the cash book. Candidates had wrong entries. This is a core part of the syllabus which candidates are expected to learn. Part (a) (ii) required candidates to complete the bank reconciliation statement. Candidates gave wrong answers again. At certificate level, candidates are expected to answer such basic questions.

Part b (i) required candidates to state two (2) reasons for keeping a suppliers' account. This part was not answered or wrong reasons were given. Part b (ii) required candidates to list and explain three (3) main types of discounts offered by suppliers. Candidates just listed the discounts without explaining.

Part (b) (iii) required candidates to calculate the revised amount on the supplier account which reconciles to the supplier statement. Candidates avoided answering this part.

QUESTION FOUR

The general performance on this question was very poor. None 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 0%. The lowest score was 0, whilst the highest was 7 out of 20 marks.

Part a (i) required candidates to prepare a sales ledger control account. Candidates gave wrong postings, i.e. debit entries were posted on the credit side while those from credit entries were posted to the debit side. Part (a) (ii) required candidates to prepare a purchases ledger control account that wrong postings were given. Candidates are encouraged to study this part of the syllabus.

Part a (iii) required candidates to state five (5) problems EMS may face if her trade payables period deteriorates. Candidates usually perform poorly on theory question and this was not an exception.

Part (b) required candidates to calculate current and quick ratios and to explain what they mean. This part was avoided by candidates.

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 8, whilst the highest was 18 out of 20 marks.

Part (a) (i) required candidates to prepare a statement of profit or loss for the year ended 31st December 2025. Good answers were given.

Part (a) (ii) required candidates to prepare a company's statement of financial position as at 31st December 2025. Correct answers were given.

Part (b) required candidates to identify any two (2) users of financial statements and accounting information and to briefly explain the type of information they need. Candidates were able to identify the users but failed to clearly bring out the type of information each user need.

Candidates must study all parts of the syllabus to help them to answer questions outside the final financial statements i.e. profit or loss account and financial position statements.

Overall performance of candidates

Highest mark obtained in this paper: 50%

Lowest mark obtained in this paper: 29%

Overall pass rate in this paper: 14.3%

SUBJECT: C4 - DIRECT TAXES

QUESTION ONE

The general performance on this question was good. 2 out of the 4 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 50%. The lowest score was 2, whilst the highest was 10 out of 20 marks.

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

In part (a) candidates were required to:

Calculate the maximum capital allowances to be claimed by Malambo Plc for the tax year 2026.

Common mistakes noted:

- Some candidate's failure to compute the 10% rule workings for administrative offices qualifying as industrial buildings or administrative buildings.
- Some candidates' failure to apply the correct ca0pital allowances rates on manufacturing equipment as 50%, staff canteen and the administration offices

In part (b) candidates were required to calculate the tax adjusted business profit of Malambo Plc for the tax year 2026.

Common mistakes noted:

- Failure by some candidates to disallow some correct items such as personal to holder car benefit of K43.200.
- Failure to deduct the decrease in general provision.

In part (c) candidates were required to calculate the company income tax payable by Malambo Plc for the tax year 2026.

Common mistakes noted:

- Failure by some candidates to correctly gross up the bank interest and debenture interest and to add it back to the business profits.
- Failure to apply the correct company income tax rate of 25%.
- Inability to correctly compute and deduct the withholding tax on both bank and debenture interest.

QUESTION TWO

The general performance on this question was poor. 1 out of the 4 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 25%. The lowest score was 4, whilst the highest was 16 out of 20 marks.

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

In part (a) candidates were required to explain the income tax treatment of each of the payments made to Muntu on termination of his contract of employment.

Common mistakes noted were that some candidate's inability to fully explain the tax treatment of payments such as gratuity, leave pay and reparation pay. Wild and unrelated explanations were being stated.

In part b) candidates were required to explain the time when payments made to Directors are deemed to have been received for tax purposes.
Common mistakes noted were that some candidates were failing to explain when the directors have been deemed to have received the payments. Some out-of-context explanations were provided which led to loss of vital marks.

In part (c) candidates were required to calculate the income tax payable by Muntu Phiri for the tax year 2026.

Common mistakes noted;

- Some candidates failed to factor in correctly the time frame of Muntu's emplacement period and hence computed a wrong salary.
- A wrongly computed salary and employment time frame led to wrong computation of car, education, medical. Entertainment and talk-time allowances. This resulted into loss of vital marks.

Most of the candidates failed to compute the right balance of income to be taxed at 37% and the eventful income tax payable.

QUESTION THREE

The general performance on this question was poor. 1 out of the 4 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 25%. The lowest score was 0, whilst the highest was 10 out of 20 marks.

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

In part (a) candidates were required to calculate the final taxable partnership profit, after capital allowances, for the year ended 31 December 2026.

Common mistakes noted;

- Some candidates failed to apply the correct capital allowances rates on the motor vehicles and missed the marks.
- They computed a wrong business profits that affected the rightful distribution of incomes to the partners.

In part (b) candidates were required to calculate the amount of profits on which each partner will be assessed for income tax for the year ended 31 December 2026.

Common mistakes noted;

- Some candidates compute the wrong salaries and interest on capital.
- The total distributable amounts to each partner in the last six months was wrong computed by most candidates

in part (c) candidates were required to calculate the amount of income tax payable by each partner for the tax year 2026.

The mistakes noted was that most candidates failed to compute the correct excess income tax at 37% and a good number of candidates failed to calculate the final income tax payable.

QUESTION FOUR

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

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

In part (a) candidates were required to Explain the transactions exempted from Property Transfer Tax.

Common mistakes noted were that some candidates failed to explain the transactions exempted from PTT. There were wild and off the mark explanations.

In part (b) candidates were required to explain how the realized value of land, buildings and shares is determined for the purposes of property transfer tax.

Common mistake noted was that most of the candidates provided off the mark explanation failing the required one.

In part (c) candidates were required to explain the Property Transfer Tax implications of each of the above transactions. Your answer should include a computation of the amount of any Property Tax arising in each case.

Common mistakes noted;

- Some candidates failed to explain the correct narration of a transaction as regards the PTT.
- Some candidates failed to explain the correct treatment of the transactions and ended up applying PTT were not due. Easy marks were simply lost, for instance were the was a transfer to a son and consideration was paid, some candidates failed to appreciate this aspect and applied PTT which was due.

QUESTION FIVE

The general performance on this question was good. 2 out of the 4 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 50%. The lowest score was 2, whilst the highest was 11 out of 20 marks.

This question had two parts (a) and (b).

In part (a) (i) candidates were required to calculate the adjusted business profits for the year ended 31 December 2026.

Common mistakes noted;

- Some candidates failed to compute the disallowable expenses such as; electricity, water, motor vehicle running costs and excess salary.
- A high number of candidates failed to compute the goods taken from the business for personal use. Easy marks were lost

In part (a) (ii) candidates were required to calculate the income tax payable by Kapata Moyo for the tax year 2026.

Common mistake noted was that some candidates failed to correctly compute the income tax Payable.

(b) In part (b) of the question, candidates were required to State any four (4) persons who are not liable to turnover tax.

Common mistake noted was that some candidates were unable to correctly state the persons not liable to turnover tax.

Overall performance of candidates

Highest mark obtained in this paper: 50%

Lowest mark obtained in this paper: 17%

Overall pass rate in this paper: 25%

SUBJECT: C6-LAW FOR TAX PRACTITIONERS

QUESTION ONE

The general performance on this question excellent. All the 2 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 18 out of 20 marks.

The question was based on the advantages of a joint venture, distinction between hire purchase and credit sales, and the importance of a partnership deed. The question was attempted by all the candidates. The question was well understood by the candidates and no major problems were observed on the candidates.

QUESTION TWO

The general performance on this question good. 1 out of the 2 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 50%. The lowest score was 8, whilst the highest was 14 out of 20 marks.

The question was on ratification of an agency and conditions of negotiability. Candidates answered the first part correctly, even though some had problems with negotiability of bills of exchange.

Candidates need to read this part of the syllabus adequately to improve on their performance in future exams.

QUESTION THREE

The general performance on this question excellent. Both candidates that 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 13 out of 20 marks.

This was a compulsory question which had four parts and required the candidate to explain various concepts of the law.

Part (a) required the candidate to explain the jurisdiction of the Zambian High Court. The candidates did not meet the requirements of the question. This showed lack of understanding on the jurisdiction of the High Court.

Part (b) required the candidate to explain advantages of judicial precedent. The candidates understood what a judicial precedent is but could not list and explain the advantages.

Part (c) required the candidate to explain the duties of a carrier under sale of goods. The candidate did not adequately understand the requirements of the question. The performance was not good.

Part (d) required the candidate to explain the difference between fixed and floating charges. The candidates understood what a fixed charge is but could but could not adequately explain a floating charge.

QUESTION FOUR

The general performance on this question excellent. Both candidates that 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 10, whilst the highest was 18 out of 20 marks.

This question was divided into three parts. Part (a) talking about the powers of a receiver; part (b) based on doctrine of utmost good faith and part (c) based on contracts of employment. All candidates got high marks and are encouraged to continue working hard.

QUESTION FIVE

The general performance on this question excellent. All the 2 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 14, whilst the highest was 15 out of 20 marks.

Question five was in three parts, part (a) based on advice concerning intention to create legal relations, part (b) meaning of capacity to contract and part (c) on the rights of the buyer in a higher purchaser agreement.

Overall performance of candidates

Highest mark obtained in this paper: 72%

Lowest mark obtained in this paper: 62%

Overall pass rate in this paper: 100%

SUBJECT: D1 – BUSINESS INFORMATION MANAGEMENT

QUESTION ONE

The general performance on this question was good. 3 out of the 5 candidates that attempted it managed to get at least 13 marks out of 25. The pass rate recorded was 60%. The highest mark scored was 17 out of 25 while the lowest was 6.

The question was about outlining four key elements of a Service Level Contract (SLC) when outsourcing resources, explaining in detail the Work Breakdown Structure and its use in a project, describing two knowledge-sharing systems that could benefit the business centre and listing three examples of internet browser software.

The common mistakes were as follows:

- Some candidates could not relate the key elements of a Service Level Contract when outsourcing resources, they were explaining them independently.
- Some candidates did not understand the term Work Breakdown Structure.
- Some candidates were describing the knowledge-sharing systems but could not explain the benefits of using it by the Business Centre.

QUESTION TWO

The general performance on this question was good. 3 out of the 5 candidates that attempted it managed to get at least 13 marks out of 25. The pass rate recorded was 60%. The highest mark scored was 22 out of 25 while the lowest was 2.

The question was about explaining the three ways an Information System can help businesses improve operational efficiency, listing five Data Protection principles that business organisation should comply with and outlining five stages of the Information System development process.

The common mistakes were as follows:

- Some candidates were able to identify the information systems but could not explain correctly how they can help businesses improve operational efficiency.
- Most candidates could not relate information systems to business strategy.
- Some candidates could not adequately answer question on outlining the stages of the information system development.

QUESTION THREE

The general performance on this question was excellent. All the 5 candidates that attempted it managed to get at least 13 marks out of 25. The pass rate recorded was 100%. The highest mark scored was 23 out of 25 while the lowest was 15.

The question was about identifying the roles of five key stakeholders in a project, explaining three benefits of effective performance measurement, listing five duties of a Project Manager and outlining the relevance of knowledge management in a business organisation.

The common mistakes were as follows:

- Some candidates misunderstood the benefits of effective performance measurements to Human Resource aspect instead of projects
- Some candidates had challenges with understanding Knowledge Management System and their relevance in business

QUESTION FOUR

The general performance on this question was very good. 4 out of the 5 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 21 out of 25 while the lowest was 7.

The question was about listing six major contract elements to be included in a software contract with the vendor, discussing four positive impacts of e-commerce on traditional business models, outlining three benefits of ICT to a new business involved in production and describing four devices one requires to carry out a video conference.

The common mistakes were as follows:

- Some candidates were failing to relate the major contract elements to be included in a software contract. The thought was different
- Some candidates were able to identify the positive impacts of e-commerce but could not relate with the traditional business models
- Some candidates could not identify devices required to carry out a video conference. They were only mentioning types of microcomputers that can be used and not considering connectivity devices.

Overall performance of candidates

Highest mark obtained in this paper:	79%
Lowest mark obtained in this paper:	30%
Overall pass rate in this paper:	80%

SUBJECT: D2 - FINANCIAL MANAGEMENT

QUESTION ONE

The general performance on this question was poor. 3 out of the 9 candidates that attempted it managed to get at least 13 marks out of 25. The pass rate recorded was 33%. The highest mark scored was 23 out of 25 while the lowest was 0.

The question required candidates to advise the project which should be selected using investment appraisal technique such as accounting rate of return using average investment, payback period, Net Present Value and Internal Rate of Return. Candidates:

- Failed to calculate depreciation to be used to convert cash flows to accounting profits.
- Failed to convert cash flows to accounting profits.
- Failed to calculate average investment. Candidates were subtracting scrap from initial cost instead of adding.
- Failed to recognize the five-year period and compute present value of annuity.
- Failed to compute the IRR correctly.
- Failed to advise the project to be selected under each method and overall with reasons.

QUESTION TWO

The general performance on this question was very poor. None of the 8 candidates that attempted it managed to get at least 13 marks out of 25. The pass rate recorded was 0%. The highest mark scored was 12 out of 25 while the lowest was 0.

(a) The question required the candidates to state the factors that influence interest rates. Most candidates did not identify and specifically state these factors.

(b) This part of the question required the candidates to identify the four (4) main theories underlying the yield curve. Most candidates exhibited limited knowledge of the theories.

(c) The candidates were required to explain the term "efficient" as it relates to the stock markets and the different levels of stock market efficiency that may exist. The common mistakes by those attempted this part of the question was the inability to mention the levels of the stock market efficiency and the implication on stock prices.

QUESTION THREE

The general performance on this question was very poor. None of the 9 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 12 out of 25 while the lowest was 0.

(a) The question required the candidates to estimate the total share value of REG Plc. In responding to this part of the question, the candidates were required to determine the growth rate by using the average return on reinvested funds which was given as 15%

and the proportion of the annual earnings distributed was given as 60%. However, a wrong growth rate was calculated which resulted into the wrong equity valuation amount.

(b) The question required the candidates to state the reasons for understanding a share valuation for, an unquoted company. Common Mistakes by those candidates that attempted this part of the question was the failure to state the reasons clearly.

(c) Most candidates did not explain the circumstances under which Drift Ltd would be considered as a subsidiary or an associate of REG Plc.

QUESTION FOUR

The general performance on this question was very 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 14 out of 25 while the lowest was 0.

(a) Candidates were failing to calculate annual holding cost. This is because candidate did not use the formula correctly. This led to making mistakes in calculating the annual cost. Inventory is a simple topic which can be understood as long as the formulae are properly applied. Buffer inventory held and Annual holding cost
Candidates were unable to calculate a simple EOQ, Average number of orders per year. Other costs which were wrongly calculated were: Annual ordering cost, Average inventory held, and Annual holding cost. Many candidates failed to calculate additional cost of using EOQ

(b) Many candidates do not understand what overtrading is. This is because many of them failed to state the symptoms of overtrading. They were giving wrong symptoms. As a result, they were not able to state what action can be taken to address the symptoms. One can only answer this when one understands overtrading.

Overall performance of candidates

Highest mark obtained in this paper:	55%
Lowest mark obtained in this paper:	0%
Overall pass rate in this paper:	11.1%

SUBJECT: D3 - BUSINESS TAXATION

QUESTION ONE

The general performance on this question was very good. 9 out of the 11 candidates that attempted it managed to get at least 13 marks out of 25. The pass rate recorded was 81.8%. The highest mark scored was 18 out of 25 while the lowest was 8.

This question had four (4) parts (a), (b), (c) (d) and (e).

In part (a) candidates were required to calculate the mineral royalty tax paid by Kalambo Plc. Some candidates failed to apply the correct range price per tonnage of copper and the norm rate. The said candidates ended up computing the wrong mineral royalty tax and lost marks

In part (b), candidates were required to explain the consequences of paying mineral royalty tax late. Some candidates failed to explain the correct penalty rate and additional interest BOZ rate applicable on overdue interest.

In part (c) candidates were required to calculate capital allowances for tax year 2026. Some candidates applied wrong capital allowance rates on the plant, machinery and capital items. This caused them to lose easy marks.

In part (d) candidates were required to calculate the tax adjusted mining profit for Kalambo Plc for the tax year2026.

Common mistakes noted;

- Some candidates failed to add/disallow the correct expenses to the –profot before tax.
- Of particular interest was the wrong computation of the disallowable amount of gifts of calendars.
- Finally, there was a wrong computation of the taxable mining profit.

In part (e) candidates were required to calculate the income tax payable by Kalambo Plc for the tax year 2026.

Common mistakes noted;

- Some candidates wrongly computed the Royalties by failure to correctly gross it up
- Some candidates failed to correctly compute the withholding taxes on Royalties and bank interest which were supposed to be deducted from company income tax. They eventually lost some marks.

QUESTION TWO

The general performance on this question was very good. 9 out of the 11 candidates that attempted it managed to get at least 13 marks out of 25. The pass rate recorded was 81.8%. The highest mark scored was 22 out of 25 while the lowest was 11.

This question had two (2) parts. In part (a) candidates were required to calculate, to the nearest Kwacha, the VAT payable/claimable for the month of May 2026. You should indicate using a zero (0) all items on which VAT is not chargeable or recoverable.

Common mistakes noted;

- Some candidates failed to correctly compute the standard rated sales figure by applying the wrong rate of 4/29 instead of the 16%.
- Failure by some candidates to compute the Input purchases figure by applying a wrong portion
- A number of candidates failed to compute the allowable portion of diesel by using wrong apportionment rate and VAT rate. They ended up losing some marks.
- Some candidates failed to correctly apportion the Overheads and Toyota canter by using wrong VAT rates and apportionment rates.

In part (b), there were two parts; (i) and (ii). In part (i) candidates were required to calculate the total import duties paid by Amenshi Ltd.

Common mistakes noted;

- Inclusion of transportation costs of K3,500 FROM Nakonde to Lusaka which should not be the case.
- Wrong customs duty was used.

In part (ii) candidates were required to explain the documents which are required in a complete clearance procedure for a motor vehicle.

Common mistakes noted;

- Not explaining a conclusive list of documents when clearing a motor vehicle
- Inclusion of unnecessary items

QUESTION THREE

The general performance on this question was good. 7 out of the 11 candidates that attempted it managed to get at least 13 marks out of 25. The pass rate recorded was 63.6%. The highest mark scored was 21 out of 25 while the lowest was 8.

This question had two parts; (a) and (b).

Part (a) had (i and ii);

In part (i) candidates were required to explain, with appropriate supporting computations, the tax implications of engaging a foreign company to install the new system in Zambia.

Common mistakes noted;

- Failure by some candidates to fully explain what reverse VAT is and its implications
- Inability to relate reverse VAT to ABD Bank Plc
- Some candidates' failure to fully explain the consequences of Reverse VAT and how ABD bank will treat it in its books.

In part (ii) candidates were required to explain the tax implications of acquiring of office equipment under an operating lease and under a finance lease. Some candidates were unable to correctly explain the tax treatment of operating lease and also the finance lease.

Part (b) had four (4) parts. In part (i) candidates were required to calculate Chimuka's final taxable farming profits for the tax year 2026 after Capital allowances.

Common mistakes noted;

- Some candidates applied wrong capital allowance rates especially on faring implements.
- A number of candidates failed to restrict the dwelling houses to K100 per house up to a total of K300,000
- Some of the candidates failed to calculate the taxable income

In part (ii) candidates were required to explain the circumstances under which income from farming may be averaged. Some of the candidates failed to fully explain the correct way of averaging the farm income.

In part (iii) candidates were required to calculate the final taxable farming profits for each of the tax years 2025 and 2026, assuming Chimuka is successful in making the election to have the profits averaged. Some candidates failed to correctly compute the average profit. This may be attributed to wrong application of the profits for 2024 and 2026.

In part (iv) the candidates were required to compute Chimuka's income tax payable for the tax year 2026. A number of candidates failed to correctly compute income tax liability, this could be as a result of applying a wrong averaged farming profit.

QUESTION FOUR

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 16 out of 25 while the lowest was 3.

This question had five (5) parts; (a), (b), (c), (d) and (e). In part (a) candidates were required to explain the income tax implications of ceasing Tablet's operations at 31 December 2026.

Common mistakes noted;

- Some candidates failed to fully explain the tax implications upon ceasing operations. There were wild and out of context explanations which failed to earn marks.
- Some candidates failed to explain if capital allowances were to be claimed

In parts (b) and (c), candidates were required to calculate applicable balancing allowances or balancing charges and income tax payable for the tax year 2026.

Common mistakes noted;

- Some candidates were unable to correctly compute the balancing charge for factory, staff canteen and administration office. This may be attributed to lack of knowledge on the computation of capital allowances, with particular reference of balancing charges
- Some candidates failed to correctly compute the balancing allowance
- These errors and had ripple effects in the calculation of the income tax in part (c)

Part (d) had two (2) parts. In part (i) candidates were required to explain the property transfer tax implications arising from cessation of Tablet's operations.

Common mistakes noted;

- Some candidates failed to fully and correctly explain the PTT implications arising from the cessation of trading. This may be attributed to lack of knowledge
- In part (ii) candidates were required to compute the amount of any property transfer tax arising on the disposal of assets.
- Some candidates failed to use the correct cost value of the assets due for disposal and applied the wrong PTT rate

In part (e) of the question, candidates were required to explain the Value Added Tax implications arising from cessation of Tablet's operations and compute the amount of any VAT arising on the disposal of assets.

Common mistakes noted;

- Most of the candidates failed to use the correct market value of the assets were VAT standard rate was to be applied and ended up losing vital marks. This may show lack of knowledge and application by a number of candidates on VAT matters during cessation of a business.

Overall performance of candidates

Highest mark obtained in this paper: 70%

Lowest mark obtained in this paper: 38%

Overall pass rate in this paper: 45.5%

SUBJECT: D4 - PERSONAL TAXATION

QUESTION ONE

The general performance on this question was excellent. All the 8 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 14.

This question covered the taxation of world income in Zambia, double taxation reliefs and the taxation of world income and was divided into three parts (a) to (c).

In part (a), candidates were required to explain the reasons why a given Evelyn in the case study, who was the wife of Chanda, was to be regarded as being resident and ordinarily resident in Zambia in the tax year 2026 and to State any six (6) persons who are exempt from Zambian income tax even though they are resident and ordinarily resident in Zambia.

In part (b), candidates were required to explain Treaty relief, Unilateral relief and unilateral expense relief as possible methods of giving double taxation relief to Zambian resident individuals also receiving income from foreign sources.

And in part (c), candidates were required to explain how a given John Kabaso was to be assessed to tax on some rental income generated during the tax year 2026 and to compute the amount of tax arising in the charge year.

Common mistakes noted;

- Failure to explain the persons who are exempt from Zambian income tax and instead explaining income which are exempt from Zambian income tax.
- Failure to explain the unilateral expense relief.
- Erroneously deducting expenses from rental income before calculating rental income.

QUESTION TWO

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 19 out of 25 while the lowest was 11.

This question had four parts (a) to (d) and was on the distinction between persons who are employed and those who are self-employed and the tax computation of a person who is regarded to be self- employed.

In parts (a) to (c), candidates were required to explain the reasons why it is important to distinguish employees from self-employed contractors, the reasons why the ZRA tax auditors had queried the self- employed status of a given Tandeni in a case study in relation to the contract he signed with Topo Ltd on 1 May 2026 and to explain the factors Topo Ltd and Tandeni would use to defend the self-employed status of Tandeni in the case study.

In part (d), candidates were required to calculate the amount of Tandeni's final tax adjusted business profit for the period ended 31 December 2026 and the amount of income tax payable by Tandeni for the tax year 2026 assuming that Tandeni was held to be self-employed in relation to the contract he signed with Topo Ltd on 1st May 2026.

Common mistakes noted:

- Failure to explain the issues in the case study which indicated that Tandeni was self employed.
- Failure to indicate the NAPSA contributions implications in a self- employed person.

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 22 out of 25 while the lowest was 11.

This question had three parts (a) to (c) which variously covered employee share option schemes, presumptive taxes for transporters and financial self-protection instruments for individuals.

In part (a), candidates were required to explain any six (6) conditions to be met for an Employee Share Option Scheme to be approved by the Commissioner General and the tax benefits for the employer and the employees arising from participating in an approved employee share option scheme.

In part (b), candidates were required to explain the benefits of presumptive taxes over the regular assessed income tax as well as to calculate the amount of presumptive tax paid by Janet for the tax year 2026 with a detailed account of the tax treatment of expenses incurred wholly and exclusively for the purposes of the business.

Common mistakes noted;

- Failure to explain the necessary conditions for an Empolyee Share Option Scheme to be approved.

- Failure to explain that expenses are not taken into account when computing presumptive taxes for transporters.

QUESTION FOUR

The general performance on this question was poor. 3 out of the 7 candidates that attempted it managed to get at least 13 marks out of 25. The pass rate recorded was 42.9%. The highest mark scored was 16 out of 25 while the lowest was 5.

This question had three parts (a) to (c) which were on tax planning involving Directors of a company opting for directors' emoluments as opposed to drawing dividends from the company with respect to NAPSA, income tax and overall tax position.

In parts (a) (i) to (a) (iii), candidates were required to explain, with appropriate supporting computations, the income tax and NAPSA implications for each individual and for the company assuming that Kalima and Chilima each drew profits as director's emoluments.

In parts (b) (i) to (b) (iii), candidates were required to explain, with appropriate supporting computations, the income tax and NAPSA implications for each individual and for the company assuming that Kalima and Chilima, being directors of the given company, each drew dividends from the company as opposed to drawing directors' emoluments and also to show the overall after-tax position.

Common mistake noted:

- Failure to take into account the NAPSA contributions implications in the options of drawing salaries as opposed to drawing dividends by directors and the subsequent overall tax position

Part (c), candidates were required to evaluate the options of drawing profits in the form of salaries and that of drawing profits as dividends.

Common mistake noted:

Failure to evaluate the preferred option due to erroneous calculation in (a) and (b).

Overall performance of candidates

Highest mark obtained in this paper: 75%

Lowest mark obtained in this paper: 37%

Overall pass rate in this paper: 87.5%

SUBJECT: D5 – INTERNATIONAL TAXATION

QUESTION ONE

The general performance on this question was poor. 3 out of the 7 candidates that attempted it managed to get at least 13 marks out of 25. The pass rate recorded was 42.9%. The highest mark scored was 20 out of 25 while the lowest was 6.

This question had two parts (a) and (b).

In part (a) candidates were required to explain the income tax treatment of the income received by Comfort from the foreign country.

Common mistakes noted;

- Some candidates failed to fully explain how the foreign income received by comfort will be treated here in Zambia for tax purposes
- Some of the candidates provided wild explanations unrelated to the tax treatment of foreign income earned here in Zambia

In part (b) candidates were required to calculate the amount of income tax payable by Comfort for the tax year 2026. You should indicate by the use of a zero (0) all the benefits and income which is not taxable.

Common mistakes noted;

- Some of the candidates failed to correctly compute the income received over 12 months. They provided less than 12 months.
- Certain candidates failed to correctly gross up the Zambian income received of Consultancy and Royalties
- Some candidates failed to correctly compute the workings on double taxation relief on bank interest and dividends
- Most candidates failed to correctly the compute the income tax payable

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 22 out of 25 while the lowest was 10.

This question had five (5) parts; (a), (c), (d) and (e). In part (a) candidates were required to explain the tax treatment of domestic investment income received by non-residents.

Common mistakes noted;

- Certain candidates failed to fully explain the tax treatment of the income received by non-residents. They provided wild explanations not related to the subject matter.
- Failure to explain how to correctly treat the said income for tax purposes.

In part (b) candidates were required to explain any four (4) problems associated with the arm's length principle.

Common mistakes noted;

- Some candidates even failed to define or explain arms- length principle.
- Certain candidates provided wild explanations which were out of context.
- Some of the candidates failed to explain the problems in modern business other than 'shooting in the air'.

Common mistakes noted;

In part (c) candidates were required to discuss the taxation implications for FishGold of the importation of raw materials from FishBite at a transfer price of LV$120,000.

- Some of the candidates could not relate their explanations to the scenario.
- Candidates failed to explain the transfer pricing issues and even to compute the correct amount to be added back to the business profits. Out of range calculations were provided by some candidates which did not earn any mark.

In part (d) candidates were required to Discuss the taxation implications for FishGold of the loan borrowed from FishBite at an interest rate of 16% per annum.

Common mistakes noted;

- Some of the candidates could not correctly and fully explain the tax implications of obtaining a loan from a related party.
- There quite wild explanations which could not any mark.
- Some of the candidates failed to compute the correct figure to be added back to the profits to correct the anomaly.

In part (e) candidates were required to calculate the amount of income tax payable by FishGold for the tax year 2026.

Common mistakes noted;

- Some of the candidates failed to correctly compute the transfer pricing adjustments of loan obtained and importation of raw materials.
- Certain candidates were not able to correctly compute the grossed-up dividends.
- Some of the candidates failed to compute the correct income tax payable

QUESTION THREE

The general performance on this question was excellent. All the 7 candidates that attempted it managed to get at least 13 marks out of 25. The pass rate recorded was 100%. The highest mark scored was 25 out of 25 while the lowest was 15.

This question had three (3) parts; (a), (b) and (c). In part (a) the candidates were required to explain any four (4) factors or practices that can be used to identify a tax haven according to the OECD.
Common mistakes noted;

- Some of the candidates made off the mark explanations which failed to earn decent marks.
- Certain candidates failed to provide depth explanations.

In part (b) the candidates were required to explain any five (5) reasons why multinational enterprises make Foreign Direct Investment.

Common mistakes noted;

- Some of the candidates failed to explain deeply other than skimping through only.
- Certain candidates provided out of context explanations which failed to earn decent marks.

Part (c) had two parts (i) and (ii).

In part (i) candidates were required to explain any four (4) advantages of regional Economic groupings.
Common mistakes noted;

- Some of the candidates provided off the mark explanations.
- Failure by some candidates to provide in-depth explanations to earn decent marks.
- In part (ii) candidates were required to explain any two (2) disadvantages of regional economic groupings.
- Lack of deep explanations provided by some candidates.

- Wild and off the mark explanations provided some of the candidates.

QUESTION FOUR

The general performance on this question was poor. 3 out of the 7 candidates that attempted it managed to get at least 13 marks out of 25. The pass rate recorded was 42.9%. The highest mark scored was 21 out of 25 while the lowest was 11.

This question had two parts; (a) and (b). Part (a) had two parts (i) and (ii). In part (i) candidates were required to explain the meaning of the concept of source and concept of residence as they apply in international taxation.

Some of the candidates hardly and coherently explained the concept of source and concept of residence. There were unrelated and wild explanations warranting any meaningful marks. Others exhibited lack of knowledge on this subject matter.

In part (ii) candidates were required to explain two (2) reasons for taxing residents on their world-wide income in Zambia. Some candidates were unable to explain fully the reasons for taxing non- residents. The reasons offered were off the and not compatible with the question requirement.

Part (b) had three (3 parts; (i), (ii) and (iii). In part (i) candidates were required to explain the impact of money laundering on tax revenue.

Common mistakes noted;

- Certain candidates were unable to provide the correct explanations on money laundering and its impact on taxation vis vie revenue collection by the government.
- Failure by some candidates to provide in depth explanations on this matter
- Off the topic explanations were being provided

In part (ii) candidates were required to explain any four (4) measures national Governments could implement to combat tax evasion and money laundering.

Common mistakes noted;

- A number of candidates failed to provide an in-depth explanation on this matter. The explanations provided were scanty and failed to earn the full marks.
- Some candidates provided unrelated explanations.

In part (iii) candidates were required to explain four (4) main co-operation models adopted by revenue authorities.

Common mistakes noted;

- Some of the candidates failed to provide coherent and full explanations on the models
- Limited explanations just on a few models were provided to warrant the full marks.

Overall performance of candidates

Highest mark obtained in this paper:	80%
Lowest mark obtained in this paper:	50%
Overall pass rate in this paper:	100%

SUBJECT: D6 - TAX AUDIT AND INVESTIGATIONS

QUESTION ONE

The general performance on this question was good. 3 out of the 5 candidates that attempted it managed to get at least 13 marks out of 25. The pass rate recorded was 60%. The highest mark scored was 15 out of 25 while the lowest was 8.

The question was on tax audits and tax investigations tax investigations.

Part (a) required explanation of 3 types of audits that can be conducted by a tax auditor. Candidates merely listed the types of audits instead of explaining them as required by the question.

Part (b) required any 5 key principles that can be applied in order to come up with a quality tax audit. The common mistake was providing less than five principles, leading to a loss of marks.

Part (c) asked candidates to state any 5 matters that would trigger a tax investigation of a taxpayers' affairs and was answered well.

Part (d) required an explanation of four differences between a system-based tax audit and a risk-based tax audit in a forensic investigation. Candidates had Insufficient knowledge of the subject leading to shallow explanations.

QUESTION TWO

The general performance on this question was good. 3 out of the 5 candidates that attempted it managed to get at least 13 marks out of 25. The pass rate recorded was 60%. The highest mark scored was 15 out of 25 while the lowest was 4.

The question covered auditing family businesses and transfer pricing audit.

Part (a) (i) required a description of three types of incorporated business. No challenges were encountered on this part by candidates.

Part (a) (ii) required an explanation for both the individual and the company the income tax implications of drawing profits in form of an interest free loan.

Common challenges encountered by candidates;

- Failure to explain the meaning of an effective shareholder.
- Failure to explain the tax implications of an interest free loan provided to an effective shareholder.

Part (a) (iii) required an explanation of the income tax implications of drawing profits in form of dividends. Candidates who attempted this part did not experience any challenges.

Part (b) (i) of the question required explanation of the meaning of arms' length principle. Most candidates who attempted this part could not provide a clear explanation of the arms-length principle.

Part (b) (ii) required an explanation of the income tax implications arising from importation of raw materials from wetlands. There was need for candidates to apply the arms -length principle using information from the scenario. The candidates did not experience challenges on this part of the question.

Part b (iii) of the question required the computation of the income tax payable by the company for the tax year. Most candidates did not add the transfer pricing excess cost to the business profits.

QUESTION THREE

The general performance on this question was poor. 2 out of the 5 candidates that attempted it managed to get at least 13 marks out of 25. The pass rate recorded was 40%. The highest mark scored was 16 out of 25 while the lowest was 8.

The question covered the audit of financial statements and tax investigations.

Part (a) required an explanation of the nature and purpose of tax investigations to the management of the financial institution. Most candidates provided only one reason for tax investigation. This could not earn full marks.

Part (b) required an explanation of the income tax treatment of foreign exchange differences.

The challenges were as follows:

- Failure to explain the tax treatment of realized foreign exchange differences.
- Failure to explain the tax treatment of unrealized foreign exchange differences.

Part (c) required a computation of capital allowances claimable by the company for the tax year. The challenge was restricting the capital allowance on the personal to holder vehicle to the proportion of business use instead of claiming them in full.

Part (d) required a computation of the income tax payable for the tax year 2026,

The challenges were as follows:

- Failure to disallow the loss on disposal of office equipment against profits.
- Failure to gross up royalties before inclusion in the income tax computation.
- Failure to disallow the unrealized foreign exchange gain against profits.
- Failure to disallow the decrease in general allowance against profits.

QUESTION FOUR

The general performance on this question was good. 3 out of the 5 candidates that attempted it managed to get at least 13 marks out of 25. The pass rate recorded was 60%. The highest mark scored was 19 out of 25 while the lowest was 11.

The question was on Audit techniques, Tax investigations and auditing family businesses.

Part (a) (i) required an explanation of the circumstances under which mining companies are allowed to index their losses and capital allowances. Most candidates only managed to explain one circumstance and therefore could not earn all the three marks.

Part (a) (ii) This part required the computation of the indexed loss available for relief for the year ended 31st December 2026. Most candidates had no challenges with this part.

Part (a) (iii)This question required a computation of the amount of income tax payable by a mining company

Common mistakes;

- Failure to deduct the indexed loss from the taxable mining profit.
- Failure to separate the mining income from the non-mining income in the computation of company income tax.

Part (b) required candidates to explain 5 indirect methods auditors use to verify taxable income. Most candidates only provided 2-3 methods due to lack of knowledge on the subject.

Part (c) required explanation of the income tax implications for both the individual shareholder and the company arising from drawing dividends and salaries. Candidates performed well on this part of the question.

Overall performance of candidates

Highest mark obtained in this paper: 57%

Lowest mark obtained in this paper: 30%

Overall pass rate in this paper: 60%