SOLUTION 1

CAPITAL ALLOWANCES

Year	Building	Machinery	Total
2009			
01/10/09 – 31/12/09	5,000	40,000	3,125
AA (1/4)	125	3,000	
Residue c/f	4,875	37,000	
2010			
01/01/10 – 31/12/10			
Residue b/d	4,875	37,000	
AA	500	11,100	11,600
Residua c/f	4,375	25,900	
2011			
01/01/11 – 31-12-11			
Residua b/d	4,375	25,900	
AA	500	7,770	8,270
Residue c/f	3,875	18,130	
2012			
01/01/12 -31/12/12			
Residue b/d	3,875	18,130	
AA	500	5,439	5,939

INCOMES

				GHC
2009	01/10/09 – 31/12/09		=	9,000.00
		Less C.A.	=	3,125.00
		C.I.	=	6,875.00
		Tax 25%	=	1,718.75
2010	01/01/10 – 31/12/10		=	36,000.00
		Less C.A.	=	11,600.00
		C.I.	=	24,400.00
		Tax 25%	=	6,100.00
2011	01/01/11 – 31/12/11		=	60,000.00
		Less C.A.	=	8,270.00
		C. I.	=	51,730.00
		Tax 25%	=	12,932.50
2012	01/01/12 – 31/12/12		=	65,000.00
		Less C.A.	=	5,393.00
				59,061.00
		Tax 25%	=	14,765.25

SOLUTION 2

LIVE ASSURANCE POLICY RELIEF

TOTAL TAXABLE INCOME		CAPITAL SUM	PREMIUM	RELIEF
cSI	22,050	25,000	1,200	1,200
DIDWELL		20,000	2,200	2,000

RELIEF RESTRICTED TO 10% OF INCOME WHICH IS 2205

TOTAL INCOME		
Salary	=	18,000
Risk Allowance	=	1,800
Night Duty Allowance	=	900
Transport Allowance	=	900
Canteen allowance	=	450
TOTAL		22,050

LESS RELIEFS

(1) L. A. P.	2,205		
(2) Old Age	35		
(3) Aged Dependant	20		
(4) C. E. R.	90		
(5) Marriage	35		
			2,385
		C.I.	19,665

SOLUTION 3

				GHC
(a)	Cost = $1,000 x 1.50 x 20		=	30,000
	Insurance		=	1,500
	Freight		=	20,000
	C.I.F.			51,500
	(a) Custom duty	20% (CIF)	=	10,300
	(b) Ecowas Levy	1% (CIF)	=	103
	(c) EDIF	1% (CIF)	=	103
	(d) Value Added Tax 12% (duty inclusive)		=	7,725
	(e) National Health Insurance Levy 2.5% (duty inclusive)		=	1,545

(b) VAT payable is NIL - Stores shipped on aircrafts from Ghana are taxed at the rate of zero (0%). Hence there is no VAT payable.

SOLUTION 4

RENT INCOMES

				GHC
2008	01/07/08 - 31/12/08		=	300,000
		Less 30%	=	90,000
		Non-resident tax 15%	=	31,500
2009	01/01/09 – 31/12/09			
			=	600,000
		Less 30%	=	180,000
		Non-resident tax 15%	=	420,000
2010	01/01/10 – 31/12/10		=	300,000
		Less 30%	=	90,000
		Non-resident tax 15%	=	31,500

CAPITAL GAINS

		GHC
Realised sum	=	50,000,000.00
Less Cost of Extensions	=	100,000.00
Less Specified Expenditure	=	49,900,000.00
Legal Fees	=	2,000.00
		49,898,000.00
Less Annual Exemption	=	50.00
		49,848,000.00
Tax @ 15%		7,477.20

COMMENTS

i. The building is located in Ghana; hence the source of income is from Ghana and taxable in Ghana.

ii. He is not resident in Ghana and therefore, taxed at non-resident rate.

iii. His income in London has not been remitted to Ghana and so not taxable in Ghana. In any case he is not resident in Ghana.

iv. In the case of capital gains the building was sold in Ghana and so the gains/profit realised is taxable in Ghana even if the proceeds was remitted outside.

SOLUTION 5

(a) The only taxes payable are gift taxes by the following:

i. Anina Yakubu

Building Value	=	GHC400,000.00
Less Exempt	=	50.00
Taxable Amount	=	399,590.00
Tax @ 15%	=	59,992.50

ii. Koo Bomfreh

Value of Car	=	GHC10,000.00
Less Exempt	=	50.00
Taxable Amount	=	9,950.00
Tax @ 15%	=	1,492.50

iii. GRANDSON

Cash Gift	=	GHC20,000.00
Less Exempt	=	50.00
Taxable Amount	=	19,950.00
Tax @ 15%	=	2,992.50

NOTE: **The Pentecost church is exempt because it was under a will**.

(b) i. Tax havens are countries which charge little or no income tax. Some countries in the Middle East and Caribbean's especially have sufficient resources from taxes. Again some countries use this system to attract investments into their countries eg Qatar, Bahamas, Panama.

ii. Many multinational countries have branches in such countries. They arrange their affairs in such a way that a lot of profit is attributed to operations in such countries, and minimal profits are declared in the countries of origin where tax rates are relatively higher. On the basis of such bogus accounts they pay less tax on their worldwide incomes.

iii. Many Tax Authorities request for separate accounts from the respective countries in which operations are conducted. In addition consolidated accounts of worldwide operation are also demanded. Then the ratio of profits compared to worldwide operations is determined on country by country basis. This gives a fair view of profits in a particular country.