SOLUTION 1

Basis of Assts:

1-2-06 – 31-3-06 ………….. 2006

1/4/06 – 31/3/07…………....2007

1/4/07 – 31/3/08…………….2008

Capital Allowance Computation

Year of Asst.	Class 2 30%	Class 4 20%	Class 5 10%	Totals
2006	Cost 21,000	35,400	60,000	
D/Allce (2 mths)	1,050	1,180	1,000	3,230
c/f	19,950	34,220	59,000	
2007				
Adds	20,000	-	-	
	39,950	34,220	59,000	
D/Allce	11,985	6,844	6,000	24,829
c/f	27,965	27,376	53,000	
2008				
Add	28,000	-	-	
	55,965	27,376	53,000	
D/Allce	16,790	5,475	6,000	28,265
c/f	39,175	21,901	47,000	

Computation of Chargeable Income

Years of Asst.	Basis Periods	Profits Declared	Less Cap. Allces	Chargeable Incomes
2006	1/2/06 – 31/3/06	6000	3,230	2,270
2007	1/4/06 – 31/3/07	36,000	24,829	11,171
2008	1/4/07 – 31/3/08	60,000	28,265	31,735

SOLUTION 2

Tax Computation	2006	2007	2008
Adjusted Profit	43,000	62,000	47,000
Less: Capital Allowance	17,200	17,450	13,793
Chargeable Income	25,800	44,550	33,207

Computation of Chargeable Income of Partners:-

Year of Assessment – 2006

	Somo	Lava
Share of Profit	17,200	8,600
Salaries	9,600	4,800
Rent Allce	4,800	4,800
Travelling Allce	3,600	3,600
Int. on Capital	2,400	1,200
	37,600	23,000

Year of Asst. – 2007

Share of Profit	29,700	14,850
Salaries and allowances	20,400	14,400
	50,100	29,250

Year of Asst. – 2008

Share of Profit	22,138	11,069
Salaries and allowances	20,400	14,400
	42,538	25,469

Capital Allowance Computation

Years of Asst.	**Class 2 30%**	**Class 4 20%**	**Class 5 10%**	**Totals**
2006				
b/f	12,000	8,000	-	
Adds	40,000	-	-	
	52,000	8,000	-	
D/Allce	15,600	1,600	-	17,200
c/f	36,400	6,400	-	
2007				
Adds	-	-	52,500	
	36,400	6,400	52,500	
D/Allce.	10,920	1,280	5,250	17,450
c/f	25,480	5,120	47,250	
2008				
Adds	-	2,000	-	
	25,480	7,120	47,250	
D/Allce.	7,644	1,424	4,725	13,793
	17,836	5,696	42,525	

SOLUTION 3

Tax Computation

	GH ¢	GH ¢	GH ¢
1.Salary (Gross)	6,300		
Less: 5% Social Security	315		5,985
2.Tax Service			
Net Profit		13,500	
Add: Vehicle Income Tax	90		
Accident	340	430	
Adjusted Profit		13,930	
Less: Capital Allc.		614	13,316
3. Store			
Net Profit		750	
Add: Personal Allce.		900	1,650
Chargeable Income			20,951

Capital Allce. Comp

Cost		8000
Add: Registration etc	60	
Painting	120	180
		8,180
Less: Dep Allce		614
c/f		7,566

Commentary:

1. Pension………………………………………………………… Exempt
2. Int. on Treasury Bills………………………………………...Exempt
3. Prelim Expenses……………………………………………...Capitalised
4. Accident: Clear case of driver's fault. Not expense wholly, exclusively and necessarily incurred. Disallowed.

SOLUTION 4

The Gift Tax and Capital Gains Tax laws formerly existed separately from the income Tax Decree, 1975 (S.M.C.D.5) but have now been incorporated in the Internal Revenue Act, 2000 (Act 592) with effect from the year 2001. This arrangement is to make Act 592 handy and also to avoid tedious cross references and waste of time.

During the exercise, it was felt that certain tax provisions were common in their application to all the three tax legislations namely, income tax, gift tax and capital gains tax. These are the provisions relating generally to Returns and Assessments.

It was also felt that to repeat these provisions en bloc under each tax type will make Act 592 quite bulky to handle. It was therefore decided to provide a linkage in the form of one provision or section that will enable the commissioner to make the provisions relating to returns and assessments in the assessment of income tax also applicable to tax on gifts and capital gains.

Returns:
Every person subject to tax under Act 592 has to make a return unless specifically exempted. The provisions under Returns in Act 592 for income tax purposes are exhaustive and can therefore be applied to both gift tax and capital gains tax with necessary modifications.

Assessments:
The commissioner is empowered to make provisional, additional and final assessments. He is also empowered to specify certain persons in the Gazette or print media to make self – assessments. These provisions are also very exhaustive and can be made to apply to persons chargeable to tax relating to gifts and capital gains with necessary modifications.

General:
This linkage to returns and assessments for income tax purposes also provides a consequential linkage to dispute resolution, collection of tax and compliance for gift tax and capital gains tax.

SOLUTION 5

A. Transaction Value
   This is the price paid or payable for the goods when sold in the country of origin for export into Ghana and adjusted by adding to the price other associated costs e.g. transportation, insurance, containers, packaging, commissions, loading or unloading, royalties and license fees etc related to the goods.

B. Taxable Transaction:
   Means a taxable supply or an import of goods and services that is subject to tax under the VAT Act, 1998 (Act 546).

Examples are:

a. The processing of data or supply of information or similar services;
b. The supply of staff;
c. The acceptance of a wager or stake in any form of betting or gaming including lotteries and gaming machines;
d. The making of gifts or loan of goods;
e. The leasing or letting of goods on hire;
f. The appropriation of goods for personal use or consumption by the taxable person or by any other person;
g. The sale, transfer, assignment or licensing of patents, copyrights, trade – marks, computer software and other proprietary information; and
h. Exports of non – traditional products.