

THE INSTITUTE OF FINANCE MANAGEMENT



FACULTY OF ECONOMICS AND MANAGEMENT SCIENCES

DEPARTMENT OF ECONOMICS AND TAX MANAGEMENT

BACHELOR OF SCIENCE IN TAXATION

**2016/2017**

**Year TWO**

A PROJECT REPORT ON XXXXXXXXXXXXXXXXXXXX

NAME : XXXXXXXX

REG. NO : XXXXXXXX

ACADEMIC YEAR: XXXXXXXX

SUBMISSION DATE: XXXXXXXX

TITLE (COVER) PAGE – (See format above)

PRELIMINARY PAGES

Begin each part on a separate page

Headings must appear at the top of the page, positioned at the centre, in capital letters and in bold text.

Presentation of the preliminary pages takes the following sequence which involves some or all of the following parts;

- *Dedication*
- *Acknowledgement*
- *List of acronyms*
- *Table of contents*
- *List of Table, figures, if any.*
- *Executive Summary*

**CHAPTER ONE (2-3pages)**

***1.0 INTRODUCTION***

- Set the context by introducing the topic of your project
- Provide a clear expression of the purpose of which your report is expected to assert, explain, support or defend clearly state problem/issue of interest objectives and study questions for this project. Broadly speaking, summarize the main idea of a project and make the idea explicit to the readers.
- Finally, provide a short outline of how you are going to handle/address the aspects of your project in the rest of your paper.

**CHAPTER TWO (4-5 pages)**

***2.0 OVERVIEW OF THE INDUSTRY/SECTOR***

- Provide a clear description of the basic components of the sector
- Provide a clear explanation on how the sector is being financed
- Provide a clear description about the coverage of the sector in terms of benefits offered and the people covered

## **CHAPTER THREE (3-4 pages)**

### ***3.0 PRESENTATION OF FINDINGS***

- Present the results you obtained in line with the study objectives
- Make sure that you present your results logically and follow the order of the objectives as listed in your project question
- Measures taken to improve the performance of the Institute should be included under this chapter

## **CHAPTER FOUR (4 pages)**

### ***4.0 DISCUSSION OF FINDINGS***

#### **4.1 Discussion of the results**

- Try to interpret the information you have found in the results in the light of your conception of the topic/ problem of the project and discuss them accordingly.
- Provide your personal view on whether the fund is performing
- In your discussion, make sure that you address the objectives/questions of your project

## **CHAPTER FIVE (2-3 page)**

### ***5.0 CONCLUSION AND RECOMMENDATION***

#### **5.1 Conclusion**

- Provide an effective conclusion which gives the answer to the main questions/objectives of the project
- Your conclusion should provide a summary of what argued in before in the texts, answer the main questions and incorporate your personal view.
- Identify if there is any challenges in your analysis

#### **5.2 Recommendations**

- In line with what you observed in your analysis, give your advice to the respective authority addressing the needs of your project and the challenges, if any.

## *6.0 REFERENCE/ BIBLIOGRAPHY*

- Use either reference or bibliography as your heading for this section.
- Adhere to the alphabetical order i.e. different entries should be arranged in alphabetical order by the surname of the first author. Each entry starts with a hanging indent and 1.5 lines spacing between.
- No numbering for your list
- You list the sources that you have used in your work. Don't list sources just for the sake of adding materials to this section

### *APPENDICES, if any.*

- Attach all supporting files/materials you used in your project, if any.

### **Formatting**

Font; Times New Roman, size 12.0

Line spacing 1.5

Alignment; Justified

### **NOTIFICATION**

- ✓ Please follow the structure of the project as indicated above.
- ✓ You are advised to plan your work carefully and back-up your work using different storage devices in order to avoid problems as a result of computer crash, virus attack or any other reason. Computing and printing problems will NOT be accepted as reasons for non-submission
- ✓ Finally, **PLAGIARISM** is not accepted.

## PROJECT QUESTION

QUALITY PRODUCTS (T) Ltd is a Resident Company incorporated in Tanzania since late 1990's. The Company manufactures and supply electrical appliance inside Tanzania and outside Tanzania. It also provides installation and repairing services on the electrical engineering. The company closes its financial accounts on 31<sup>st</sup> December in each year.

The Commissioner for Income Tax under Large Taxpayer Department formed an Audit Team to audit the accounting records of the Quality Product (T) Ltd for the year ended December 2014.

The following is the audited comprehensive income statement for the year of income 2014.

**QUALITY PRODUCTS (T) LTD**  
**STATEMENT OF COMPREHENSIVE INCOME**  
**FOR THE YEAR ENDED 31<sup>st</sup> DECEMBER 2014**

	<b>TZS</b>
Sales	18,000,000,000
Cost of sale	<u>(500,000,000)</u>
Gross Profit	17,500,000,000
<b>Other income:</b>	
Service fees	1,020,000,000
Foreign exchange gain	365,000,000
Bad debts recovered	35,000,000
Gain on Consultancy	<u>80,000,000</u>
<b>Gross Income</b>	<b>19,000,000,000</b>
Less expense:	
Salaries and wages	280,000,000
General expenses (Note 1)	175,000,000
Motorcar expenses	40,000,000
Bad and doubtful debts (Note 2)	150,000,000
Finance Costs (Note 3)	110,000,000
Telephone and electricity	170,000,000
Rent and Rates (Note 4)	220,000,000
Insurance	80,000,000

Contribution to retirement fund (Note 5)	100,000,000
Sundries (Note 6)	40,000,000
Depreciation allowance (Note 7)	350,000,000
Unrelieved Loss ( Note 8)	250,000,000
Repairs and maintenance	<u>200,000,000</u>
<b>Profit before Tax</b>	<b>16,925,000,000</b>
Income Tax	<u>5,040,000,000</u>
<b>Profit after Tax</b>	<b><u>11,885,000,000</u></b>

### Accounting Notes

The following notes have been revealed and presented by PQY Financial Consultancy Ltd which is the financial auditing firm audited the financial accounts of the QUALITY PRODUCTS (T) Ltd.

1. General expenses include the following:
  - a. Compensation to terminated employees – TZS 100,000,000
  - b. Legal cost of unsuccessful recovery of salaries from terminated employees – TZS 75,000,000/=
2. The amount of bad and doubtful debts was represented as follows:
  - (a) Bad debts written off TZS 50,000,000/=
  - (b) Doubtful debts TZS 100,000,000/=
3. Finance Costs include:
  - a. Interest on loan TZS 50,000,000/=
  - b. Interest on Overdraft TZS 60,000,000/=
4. Rent and rates include the following:
  - (a) Property tax and land rent TZS 70,00,000/=
  - (b) Rent on leasing properties TZS 150,000,000/=
5. The contributions were made to an approved retirement fund with respect to employees as follow;
 

Employers' contributions	TZS 50,000,000/=
Employees contributions	TZS 50,000,000/=
6. Sundries expenses include the following:
  - (a) TZS 15,000,000/= as a fine by city council for failure to preserve environment especially air pollution.

- (b) Interest(Late payment of payroll levy) TZS 25,000,000/=
7. Depreciation allowance was computed as per the requirements of the Income tax Act, 2004 as amended time to time.
  8. The amount of unrelieved loss was in respect of the unrelieved loss incurred by the firm two years back from the current year of income of which had not been absorbed in the previous year.

During the auditing process it was discovered that

- i. The amount of foreign exchange gain was not captured in the determination of tax liability.
- ii. The amounts for Bad and Doubtful debts, employment contribution to an Approved Retirement Fund and Interest on overdraft were allowed for tax purposes.
- iii. All figure are VAT exclusive

### **Required**

Assume you are in charge of one of the audit team

- (a) Show the VAT arrangement with attached VAT return on each
- (b) Explain the tax treatment of the following items in the audited report
  - Bad and doubtful debts
  - Foreign exchange gain
  - Interest on overdraft
  - Employment contributions to an approved retirement funds
- (c) Recalculate the figure of income tax of the taxpayer for the year of income 2014
- (d) If the amount of income tax declared by the QUALITY PRODUCT (T) Ltd for the year of income 2014 was less than the recalculated tax liability (in c), what would be your comment/opinion.
- (e) Show the Tax Return assessment for income tax purpose