



MURANGA UNIVERSITY COLLEGE

(A constituent College of Jomo Kenyatta University of Agriculture & Technology)

MAIN CAMPUS

ORDINARY UNIVERSITY EXAMINATIONS

2015/2016 ACADEMIC YEAR

FOR THE DIPLOMA

IN

BUSINESS MANAGEMENT

COURSE CODE: DAB 1214

COURSE TITLE: TAXATION THEORY.

DATE: 14TH DECEMBER, 2015

TIME: 2 HOURS.

INSTRUCTIONS TO CANDIDATES

Question ONE (1) is compulsory
Answer any other TWO (2) questions

MRUC observes ZERO tolerance to examination irregularities



QUESTION ONE.

- a) Discuss the main features of tax (12 marks.)
- b) Discuss THREE advantages direct tax and THREE disadvantages direct tax. (12 marks.)
- c) Explain the meaning of:
 - i. Progressive tax (2 marks.)
 - ii. Proportion tax (2 marks.)
 - iii. Regressive tax (2 marks.)
 - iv. Digressive tax (2 marks.)

QUESTION TWO.

- a) Taxable capacity is not rigidly fixed it is a moving point. Discuss FIVE factors governing the taxable capacity. (10 marks.)
- b) The tax planning measures of an individual would depend on whether they are employed or unemployed. Explain FIVE tax planning measures allowable for employees. (10 marks)

QUESTION THREE.

- a) Distinguish between
 - i. Forward and backward shifting. (4 marks)
 - ii. The impact and incidence of taxation: (8 marks.)
- b) For wear and tear purposes machinery are pooled in FOUR classes. Explain each class content. (8 marks)

QUESTION FOUR.

- a) Explain the purpose of VAT deregistration as well as the process to deregister. (4 marks.)
- 1) State THREE advantages of VAT and THREE disadvantages of VAT (6 marks.)
- 2) There are various canons of taxation. Discuss at least FIVE canons. (10 marks.)