



MURANGA UNIVERSITY COLLEGE

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

MAIN CAMPUS

SUPPLEMENTARY/ SPECIAL UNIVERSITY EXAMINATIONS

2014/2015 ACADEMIC YEAR

FOR THE DIPLOMA

IN

BUSINESS MANAGEMENT

COURSE CODE: DAB 1214

COURSE TITLE: TAXATION THEORY.

TIME: 2 HOURS.

INSTRUCTIONS TO CANDIDATES

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

MRUC observes ZERO tolerance to examination irregularities



QUESTION ONE.

- 1) Define tax and discuss the main features of tax (10 marks.)
- 2) Illustrate THREE advantages direct tax and THREE disadvantages direct tax. (12 marks.)
- 3) Illustrate the meaning of:
 - i. Progressive tax
 - ii. Proportion tax
 - iii. Regressive tax
 - iv. Digressive tax

QUESTION TWO.

- 1) What is a budget? Discuss the two kinds of a budget illustrating their main source of income. (10 marks.)
- 2) Explain FIVE canons of taxation. (10 marks)

QUESTION THREE.

- 1) Differentiate between tax evasion and tax avoidance. Illustrate also the causes of tax evasion. (10 marks.)
- 2) What is excise duty? It is imposed by almost all countries developed or under developed Discuss its main purposes. (10 marks.)

QUESTION FOUR.

- 1) Define taxable capacity and distinguish between absolute taxable capacity and relative taxable capacity. Discuss also the factors governing the taxable income. (15 marks.)
- 2) What is the difference between direct taxes and indirect taxes. (5 marks.)