



THE CATHOLIC UNIVERSITY OF EASTERN AFRICA

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MAIN EXAMINATION

JANUARY – APRIL 2015 TRIMESTER

FACULTY OF LAW

REGULAR PROGRAMME

CLS 311: REVENUE LAW AND TAXATION

Date: April 2015	Duration: 2 Hours
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INSTRUCTIONS: Answer Question ONE and ANY OTHER TWO Questions
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- Q1. a) What is the role of Kenya Revenue Authority in Kenya's taxation system and economy? **(10 marks)**
- b) Taxes in Kenya are either direct or indirect in nature. Giving examples, describe the two forms of taxes. **(14 marks)**
- c) Starting 1 January 2015 the Government has re-introduced capital gains tax. Explain what capital gains tax is and how it will affect both individuals and companies. **(6 marks)**
- Q2. a) Kenya's tax collection system is based on self assessment returns model. Explain **TWO** cannons of Taxation as envisaged by Adam Smith that have been adapted to try and achieve an optimum tax system in Kenya. **(6 marks)**
- b) Describe the nature of tax returns and outline what is achieved from filing returns. **(8 marks)**
- c) What are the sanctions imposed under the Income Tax Act for non compliance of filing returns by 30th June. **(6 marks)**

Q3. In relation to the Value Added Tax Act 2013, explain the following:

- a) Duty to register for VAT **(3 marks)**
- b) In taxable transactions, who collects the taxes? **(5 marks)**
- c) Zero rated supplies **(3 marks)**
- d) Tax exempt supplies **(3 marks)**
- e) Filing and penalties **(6 marks)**

Q4. Section 210 and 211 of the East African Community Customs Management Act are ultra vires to Act 40 (2) and 40 (b) of the Constitution of Kenya 2010. Discuss. **(20 marks)**

Q5. "Give unto Caesar what belongs to Caesar". Taxation has been an integral part of governance since time immemorial. Explain how taxation was undertaken in the following eras in Kenya.

- a) African Society **(4 marks)**
- b) Arab **(6 marks)**
- c) With reference to the principles of taxation, how effective were the Taxation systems before the coming of the British? **(10 marks)**

END