



KENYATTA UNIVERSITY
UNIVERSITY EXAMINATIONS 2011/2012

SECOND SEMESTER EXAMINATION FOR THE DEGREE OF BACHELOR OF LAWS

LCC 400: TAXATION LAW

DATE: THURSDAY, 19TH APRIL 2012

TIME: 3.00 P.M. – 5.00 P.M.

INSTRUCTIONS:

1. Please answer **QUESTION ONE** and ANY **OTHER TWO** questions.
2. Please note that penalties accrue for failure to answer question One.
3. Support your answer with illustrations from relevant case law, statutory provisions, and any other relevant references.
4. Write neatly and legibly.
5. Your answer script must bear student registration number and serial numbers of the question you attempted to answer.

QUESTION ONE

Your client, an elderly and successful businessman has written the following letter to you.

P.O. Box 12345,
Nairobi

Date: 20th February, 2012

My beloved child, Wakili,

Greetings from your parent and client.

Recently, I have observed that both in Kenya and other countries of the World, Governments have continued to levy additional taxes on their citizens. As I am a patriot, let me not ask questions about other countries but concentrate on my beloved country only. Please explain the following matters to me:

- a) Why are there so many different taxes for instance:
 - (i) hotel levies ;
 - (ii) licenses;
 - (iii) local authority charges,
 - (iv) VAT,
 - (v) income tax.
- b) Would it not be wise and economical to levy only sizeable tax on an individual instead of collecting small sums of money at different points?
- c) As a willing tax – payer, I would like to know the distinction between the tax implications to my companies registered in Kenya and those registered in foreign countries.
- d) Finally, kindly explain, under what circumstances may an appeal made by an aggrieved taxpayer against the Commissioner's decision either to the Local Committee in his Income Tax District be made to the Tribunal in Nairobi, what are the requirements of a valid memorandum of appeal to the Local Committee and state the rules governing the payment of tax assessed pending the determination of the appeal (8 marks)

Yours sincerely,
Tom Mzaleno

Please, respond to your client's letter.

(30 MARKS)