



ZIMBABWE EZEKIEL GUTI UNIVERSITY

FACULTY OF LAW, BUSINESS INTELLIGENCE AND ECONOMICS

DEPARTMENT OF LAW AND LEGAL SERVICES

EXAMINATION PAPER

MODULE CODE : LLB026
MODULE TITLE : TAX LAW
DURATION : 3 HOURS
LEVEL : 3.1
DATE : JUNE 2024

12 JUN 2024

INSTRUCTIONS TO CANDIDATES:

1. Answer three (3) questions, at least one question from each section.
2. Each question carries twenty-five (25) marks
3. Number of marks for part questions are shown in brackets
4. Start each question on a new page
5. This paper consists of three (3) pages



SECTION A

QUESTION 1

Chido, a young medical practitioner purchased a house in Shashe, Bindura for US\$100 000 on the 5th of January 2021. On the 1st of February she made the following improvements, extended the house to accommodate a cinema, an office and a garage. The three additions costed US\$20 000. In August the same year she constructed a durawall and paved the whole yard for another cost of 12 000. To necessitate the construction of the wall she had sunk a borehole which had costed US\$5 000. On the 30th of September, while Chido had gone for night duty, her house caught fire and got damaged. Her insurance policy compensated an amount of US\$80 000. She then proceeded to construct a similar structure and added a basketball court and swimming pool for an additional cost of US\$40 000. Two years later Chido is relocated by work to a Zambian hospital and sells her principal private residence for US\$200 000 to purchase another residence in Zambia. The costs incurred to sell the house were US\$2 000.

i) Assuming Chido wants to pay the Capital Gains Tax, calculate her liability for the sale of the house.

(10)

ii) Advise her on election for roll over in terms of S21 of the Capital Gains Tax Act Chapter 23:01.

(15)

SECTION B

QUESTION 2

Assess the essentiality of canons of taxation in devising the tax system in Zimbabwe.



(25)

QUESTION 3

Evaluate constitutional rights that have to be balanced when imposing tax laws.

(25)

SECTION C

QUESTION 4

X works for Eden international hospital in Zimbabwe. The hospital has exchange programs for its staff with some of its subsidiary hospitals across the world. X has been transferred to Zambia in order to study new cardiac operating systems and familiarize with some modern machinery with a view to introducing it in Zimbabwe. This attachment started on the 1st of January 2023 and ended in January 2024. While on this attachment, she continued to receive her salary in Zimbabwe which was, as contained in her contract of employment, deposited in her local ZB bank account. However, the Zambian hospital paid her a monthly 'upkeep allowance' of 10 000 kwacha for the entire period of her exchange program.

With reference to case law discuss if X's 'upkeep allowance' is taxable in Zimbabwe?

(25)

QUESTION 5



Discuss the effectiveness of the Income Tax Act Chapter 23:06 in regulating income taxation.

(25)

END.

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