NATIONAL OPEN UNIVERSITY OF NIGERIA

Plot 91, Cadastral Zone, NnamdiAzikiwe Express Way, Jabi-Abuja

Faculty of Management Sciences, Department of Financial Studies

2025_2 EXAMINATIONS

COURSE CODE: ACC 318 **CREDIT UNIT: 3UNITS**

COURSE TITLE: TAXATION II

TIME ALLOWED: 2 $^{1/2}$ HOURS

INSTRUCTIONS: 1. Attempt question Number one (1) and any other three (3).

2. Question number 1 is compulsory and carries 25 marks, while the other questions carry 15 marks each

3. Present all your points in coherent and orderly manner

QUESTION 1

a. Tax laws have been promulgated to give legal backing to the various types of taxes chargeable in Nigeria. Identify and explain the types of taxes chargeable in Nigeria. **(10marks)**

b. SamuelEga Nigeria Limited is a company duly incorporated in Nigeria. The company financial results for the year ended 31 December 2023 are as follows.

SAMUEL EGA NIGERIA LIMITED

Statement of financial position as at 31st December 2023.

	#000	#000
Share Capital		32,000
Statutory Reserve		12,000
General Reserve		20,000
Long-Term Loan		14,000
78,000		
Represented by:		
Fixed Assets		40,000
Current Assets	112,000	
Less: Current Liabilities	74,000 38,000	
78,000		

The following additional information is available from the records:

a. Unrelieved capital allowance brought forward from 2022 year of assessment was #120,000

b. Capital allowance for the year 2023 was	#190,000
c. Turnover (2022)	#40,000,000
d. Gross Profit (2022)	#7,000,000
e. Assessable Profit for 2023 year of assessment was	#420,000

Required

Compute the company's income tax liability for relevant year of assessment taking cognisance of the minimum tax provision. **(15marks)**

QUESTION 2

a. Briefly explain the meaning and purposes of Capital Allowance. **(5marks)**

b. Discuss the types of capital allowance. **(10marks)**

QUESTION 3

Alaku Limited established Esson in 2011 for the purpose of Agricultural production in the country. Esson commenced business on 1 January 2012. Its accounting date was December each year while its adjusted profits for the first ten years were given as:

Trading Periods	Adjusted Profits or Loss (#)
Year ended 31/12/2012 (100,000)	
Year ended 31/12/2013	30,000
Year ended 31/12/2014	25,000
Year ended 31/12/2015	20,000
Year ended 31/12/2016	15,000
Year ended 31/12/2017	35,000
Year ended 31/12/2018	50,000
Year ended 31/12/2019	(40,000)
Year ended 31/12/2020	35,000
Year ended 31/12/2021	30,000

Required: Calculate the assessable profits for the relevant years of Assessment. **(15marks)**

QUESTION 4

a. Explain in details, loss relief and the provisions for the relevant tax laws on loss reliefs. **(6marks)**

b. Explain the following principles and types of loss reliefs for a business or trade:

i. Effective Loss Relief**(3marks)**

ii. Current Year Loss Relief**(3marks)**

iii. Carry Forward Loss Relief**(3marks)**

QUESTION 5

a. Define Small Companies

b. Maxwell Limited has provided the following information from which you are expected to compute the tax payable:

	#
Adjusted profit	1,837,950
Capital allowance for the year	890,000
Capital allowance brought forward	172,500
Paid up share capital	50,000,000
Net Assets employed	37,500,000
Turnover for the year	42,000,000
Gross Profit for the year	19,100,000

(15marks)