

**CHARTERED INSTITUTE OF TAXATION, GHANA**

**PROFESSIONAL EXAMINATION**

**FEBRUARY, 2020**

**PROFESSIONAL LEVEL**

**PAPER 4 – INDIRECT TAXATION**

**ATTEMPT ALL QUESTIONS. TIME ALLOWED: 3 HOURS**

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**QUESTION 1**

FREE RANGE Company Limited is engaged in commercial farming in the Eastern Region of Ghana producing fresh fruits and vegetables. The company also runs a manufacturing business producing processed and packaged fruits and vegetable products from its factory located at Koforidua for local supplies and for export.

A summary of the supplies of the company for the month of November, 2019 is as follows:

<b>S/No.</b>	<b>Details of Supplies</b>	<b>Total Value of Supplies (Gh¢)</b>
i	Supplies of fresh fruits to supermarkets in Koforidua, Accra and Cape Coast	GH¢150,600.00
ii	Exports of fresh fruits to European markets	GH¢750,625.00
iii	Supplies of packaged fruit-juice products to FRASH AIRLINES operating from Accra, for use as stores on their domestic flights.	GH¢120,000.00
iv	Supplies of packaged fruit-juice products to FRASH AIRLINES for use as stores on their international flights to destinations outside Ghana	GH¢264,500.00

**Required:**

With reference to the Value Added Tax Act, 2013 (Act 870) as amended;

- a) Explain the term “Value of Taxable Supply” where the supply is made for monetary consideration. **(8 marks)**

- b) Compute the VAT, National Health Insurance Levy (NHIL) and GET fund Levy (GFL) due for each of the supplies of FREE RANGE Company Limited indicated in the Summary above. (Explain your answer and show all workings where relevant) **(12 marks)**

**TOTAL 20 MARKS**

## **QUESTION 2**

With respect to the Value Added Tax Act 2013 (Act 870) as amended;

- a) Outline the different circumstances and conditions by which the Commissioner-General of the Ghana Revenue Authority may refund to a person, excess tax paid by that person. **(12 marks)**
- b) Specify two (2) different activities that will **NOT** constitute supply of goods or services. **(4 marks)**
- c) State the “Time of Supply” rule for the repossession of goods by a taxable person under a credit arrangement. **(4 marks)**

**TOTAL 20  
MARKS**

## **QUESTION 3**

With reference to provisions of the Excise Duty Act, 2014 (Act 878);

- a) Indicate the conditions under which a manufacturer of excisable goods would be entitled to a refund of excess excise duty paid on raw materials applied in the manufacturing business of that person. **(8 marks)**
- b) When does excise duty become due and payable to the Commissioner-General? **(6 marks)**
- c) Outline the rules for compulsory registration of a person by the Commissioner-General. **(6 marks)**

**TOTAL 20 MARKS**

## **QUESTION 4**

- a) With reference to the Communications Service Tax Act, 2008 (Act 754) as amended;

- i. Specify the means by which the Commissioner-General may recover an outstanding tax debt of a person who is subject to bankruptcy proceedings.

(6

marks)

- ii. State the **specific** relevance of Communication Service Tax revenue to Employment programmes of Government. (2 marks)

b) Explain the following terms as provided under the VAT Act, 2013 (Act 870):

- i. Exempt Supply
- ii. Zero-rated supply
- iii. Relief Supply.

(8 marks)

c) With reference to the Customs Act, 2015 (Act 891), mention the conditions under which a person who imports goods into the country with the intention of re-exporting the goods may be allowed to use the goods in the country with total relief from duty. (4 marks)

**TOTAL 20 MARKS**

### QUESTION 5

a) With reference to the Value Added Tax Act, 2013 (Act 870), specify the circumstances under which VAT paid by a taxable person on business inputs **cannot be treated** as Deductible Input Tax in determining the person's tax liability. (6 marks)

b) With reference to the provisions of the Customs Act, 2015 (Act 891), state the conditions under which the Commissioner-General shall make a refund of the following

i. Refund of a Charge, *other than* a duty or penalty. (2 marks)

ii. Refund of an amount paid as a Penalty. (4 marks)

c) Specify four (4) different situations or circumstances under which a person incurs a customs liability for duty under the provisions of the Customs Act, 2015 (Act 891). (8 marks)

**TOTAL 20 MARKS**

**END OF PAPER**