

Question 1

Dr. Mapeto is employed at the Kisii Level Five Hospital as a consultant pediatrician. Two years ago, he got appointed as the head of department for the hospital's pediatrics' division. One year ago, the Kisii University's School of Medicine established its Bachelor of Medicine and Surgery programme. Its clinical medicine department is located within the hospital and Dr. Mapeto works there as a facilitator. He also runs a consultant's clinic within the hospital where he earns Kshs 150000 per month. He earns a gross salary of 250000 as a consultant with the hospital. Last year, he received communication from the Kenya Revenue Authority asking him to remit taxes for his work as a facilitator at the University and the earnings from his consulting services at his consultant's clinic. He says that those two other engagements are 'side hustles' and should not be taxed.

- a) Advise Dr. Mapeto on his income tax obligations. (10

Marks)

- b) Dr. Mapeto has been contributing Kshs 5000 every month to Majengo Home Savings Sacco. He also contributes Kshs 8000 to Kisii University's Uzeeni Retirement Savings Scheme every month. Give some pieces of advice to Dr. Mapeto on how he can reduce his tax obligations and the amount that was entitled to tax exemption for the year 2017.

(7 Marks)

- c) In May 2018, Dr. Mapeto was summarily dismissed for allegedly attending to a patient while drunk. He sued for wrongful dismissal and the court agreed with him. It held that he is entitled to all dues that he would have been entitled to if he were to serve his full term as a consultant pediatrician. Advise Dr. Mapeto on his tax obligations in light of the damages awarded by the Court. (8

Marks)

Question 2

The County Government of Wanaa is one of thirty subnational governments in the Republic of Uganda and operates in a similar legal context as the forty-seven counties established by the Constitution of Kenya, 2010. Mr. Mapesa, the Chief Executive Officer Revenue Department of the County Government of Wanaa has been directed by his boss; the County Executive Committee Member to embark on a revenue collection programme to enhance the income capacity of Wanaa County Government. In doing so, Mr. Mapesa has made several proposals including requiring the various departments within the County to deduct Pay As You Earn from their employees and remitting to the County's revenue account. He is also worried that the County might be allocated less money from the national treasury in the coming financial year owing to the Auditor General report of 2019, which has revealed misappropriation of county funds in the previous financial years. Going forward he needs to device ways to improve such allocations.. Mr. Mapesa has approached you for legal advice on two issues namely: the revenue powers of the County Government of Wanaa and national allocations to subnational

governments in the Republic of Ugatuzi. Prepare an appropriate legal opinion to Mr. Mapesa.
(15Marks)

Question 3

"Tax Law: Principles or Rules?" Anonymous

In consideration of the foregoing, evaluate the suitability of a purposive judicial interpretation in tackling tax avoidance
(15Marks)

Question 4

It is said that a good taxation system takes into consideration several key factors. One of which is that a good taxation system must not be seen as a burden on the taxpayers. It is an accepted fact that when taxpayers perceive a tax system as a burden, they are likely to look for ways of avoiding or evading the payment of taxes. With this statement in mind, discuss the tenets of a good taxation system.
(15

Marks)

Question 5

Using the writings of John Rawls, Robert Nozick and Karl Marx as your point of departure, analyse the assertion that 'Taxation is slavery'.

(15 Marks)

Question 6

Write notes on the following:

d) Public goods

(3 Marks)

e) User Fees or Charge

(3 Marks)

f) Distributive function of public finance

(3

Marks)

g) Why excise duty is sometimes referred to as "sin tax".

(3

Marks)

h) Advance assessment

(3

Marks)