JOSEPH AYO BABALOLA UNIVERSITY
IKEJI-ARAKEJI
COLLEGE OF LAW

FIRST SEMESTER EXAMINATION, 2022/2023 ACADEMIC SESSION
COURSE TITLE: LAW OF PERSONAL AND PROPERTY TAXATION
COURSE CODE: CIL 412 **TIME ALLOWED: THREE HOURS**

SECTION A

INSTRUCTIONS: ANSWER QUESTION NO I AND ANY OTHER ONE QUESTION FROM THIS SECTION.

1. Aina Valentino, a business man residing in FCT, Abuja requested that you advise him on his tax liability for the taxable year ending 31st December, 2022 based on the following pieces of information.

i. His total income for the year under consideration is #5million.
ii. Part of the #5million total income is a gratuity of #1million earned by him as a retired public servant. iii. He paid #200,000 on the rented shop apartment housing the business. iv. He paid 12percent interest on the #1million loan facility granted him to purchase certain merchandise supplied his shop for resale.
v. He incurred #150,000 on drugs for his incapacitated mother who lives with him in the FCT.
Advise him accordingly. 20marks.

2. Ajagbo, a timber contractor who resides in Ado-Ekiti, Ekiti State supplied you the following information with a view to seeking your advice on his tax liability for the taxable year ending 31st December, 2022.
i. His income for the year was #650,000.
ii. He made a monthly payment of #10,000 to his National Health insurance Scheme.
iii. He paid the annual premium of #65,000 on a life insurance in favor of his spouse.
iv. As a cancer patient, he made a donation of #65,000 to Nibtali, a research drug centre for cervical cancer eradication.
v. He paid an annual interest of 10percent on the #500,000 loan granted him by a mortgage house in respect of his owner occupied housing project in Ado-Ekiti.
vi. He equally paid a sum of #20,000 for haraquine, a specially recommended cancer drug imported for him from Spain.

Assist him accordingly to determine his tax liability, if any. 15marks.

3 i. Pataki was enlisted in the Nigerian Armed Forces in January, 2022 though without holding any commission.
His income for the year 2022 was #840,000 the whole of which he earned as salaries and packages for his enlistment. He paid #40,000 interest on the mortgage loan obtained for his owner occupied housing project. He paid #20,000 on his life insurance policy. He expended #25,000 on drugs as asthma patient.

Calculate his tax liability for the taxable year, if any. 7marks.

ii. What is the tax liability of a taxable person with #850,000 who resides in Nigeria and pays a life insurance policy premium of #50,000? 8marks.

SECTION B

INSTRUCTIONS: ANSWER ANY TWO QUESTIONS FROM THIS SECTION.

4. Though Personal Income Tax can be said to be part of Received English Law, direct/personal taxes *are not alien* to Nigeria.
How would you justify this statement? $17^{1/2}$marks.

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COURSE CODE – CIL 412
TIME ALLOWED - THREE HOURS
INSTRUCTIONS – ANSWER QUESTION NUMBER 1 AND ANY OTHER THREE QUESTIONS.

1. Abanikanda, who lives and works in the Federal Capital Territory, Abuja gives you the following information about himself.
   a. He is a self-employed automobile engineer.
   b. He has a housing loan of ₦1 Million (One Million Naira) to build an owner-occupied residence in Jabi, Abuja and Pays ten percent annual interest on the loan.
   c. He maintains an aged blind father at an average of ten thousand naira per month.
   d. He has a life insurance policy on which he pays ten thousand naira per month.
   e. He pays alimony of five thousand naira monthly to his divorced wife in pursuance of the order of court.
   f. His total income for the year (earned and unearned) is N2.5Million.

   Calculate his personal income tax liability for the year ending 2023 and advise him as to the appropriate tax authority to which the tax is payable. **20 Marks**

2. (i) What is Personal Income Tax? **5 Marks**
   (ii) Mention five taxable persons under the Tax (Personal Income Tax) **10 Marks**

3. Tax has a traditional purpose inherent in its manner of evolution. But it (tax) has overgrown that traditional purpose and has assumed the status of a national economic/fiscal strategy for the enhancement of overall well being of a nation. Discuss. **15 Marks**

4. State the five functions of each of the following:
   i. Federal Board of Inland Revenue **8 Marks**
   ii. State Board of Internal Revenue **7 Marks**

5. Mention and discuss three major impediments to Nigeria Tax System making it (The System) suboptimal. **15 Marks**

6. Identify and discuss major steps at curbing tax evasion and tax avoidance in Nigeria. **15 Marks.**

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