



NATIONAL OPEN UNIVERSITY OF NIGERIA
FACULTY OF LAW
DEPARTMENT OF PUBLIC LAW
2019_1 EXAMINATION QUESTIONS
APRIL, 2019

COURSE CODE: PUL 433
COURSE TITLE: LAW OF TAXATION 1
CREDIT UNITS: 4
TIME ALLOWED: 2 ½ HOURS
INSTRUCTION: ANSWER QUESTION 1 (ONE) AND ANY OTHER 3 (THREE) QUESTIONS. (QUESTION 1 (ONE) ATTRACTS 25 MARKS WHILE OTHERS ARE 15 MARKS EACH)

1. *Akpaka* village is a popular village located in *Umuakpu* Community. They are well known for their communal efforts in bringing development to the village and the entire community. However, there is a popular stream called *Okabe* which constitutes a serious hindrance to people's movements during rainy season except for the few who can swim well. The situation has been a source of concern to the whole villagers especially the traditional ruler. Consequently, the traditional leadership of the village had consulted and concluded to tax all the male adults in the village in order to raise fund to build a bridge across *Okabe* stream. Every male adult of the village by this rule is obliged to pay a sum of N25,000.00 for this gigantic project. However, **Mr. pompous** who saw no reason for this project and had resisted it from inception has refused to pay as agreed by the villagers. All efforts made to persuade him to comply with this directive had proved abortive. The governing council of *Akpaka* village has now concluded plans to file action against **Mr. Pompous** on ground of tax evasion.

(a) As a taxation lawyer, with or without the aid of case law or statutes, advise *Akpaka* village on the legal implication of their planned action. **15Marks**

(b) In a concise form, discuss the importance of taxation in any egalitarian society. **10Marks**

2. The concept of tax has been understood and applied by man since time immemorial. This is because the idea of striving towards attaining a better society is not strange to mankind. Nigeria is still a developing country whose economy is not yet stable and efficient and a country's tax system is essentially a derivative of the history, economic structure and political economy of that country. Thus the advent and evolution of tax levying and payment system in Nigeria has been a chequered history. In view of this, to have a balanced understanding of the legal regime of taxation especially as it operates in Nigeria, one needs to know the historical background of the Nigerian tax system.

In a succinct form, carefully discuss/narrate the history of taxation in Nigeria, before and after the advent of the British Rule. **15Marks**

3. Since the formal introduction of tax, the system of taxation has undergone various forms of evolution and transformation. The earliest known form of taxation was on head to head basis. And over time, taxation has taken different forms. As a student of law of taxation, you must fully understand and be able to identify all the kinds of taxes that operate in our society. Bearing this in mind:
- (a) Identify and briefly explain the three categories of tax. **9Marks**
 - (b) In a few lines, differentiate between **Progressive** and **Regressive** forms of taxation.
- **6Marks**
4. Idda Musa has just been appointed by the Federal Government to head the Federal Inland Revenue Service (FIRS). However, Idda Musa lacks in-depth knowledge as to the meaning, operation and exact functions of this body.
- (a) As a student of taxation, with the aid of relevant statutes, advise Idda Musa accordingly bearing also in mind the functions of the Service. **11Marks**
 - (b) Mention any four responsibilities of State Board of Internal Revenue. **4Marks**
5. Briefly discuss the term 'Basis period for determination of assessable income (for individual) or profits (for companies)'. **15Marks.**
6. (a) With the aid of law, discuss the term 'Deduction Allowable'. **10Marks**
- (b) What is Deductible Donations? **5Marks**