

Answer all questions

Question one:

Bright star company is a trading company engaged in import and export business from its headquarters in Khartoum, where the company exports oil seeds (sesame) to the state of Turkey, and in return imports ceramics and porcelain, followed by information regarding the transactions of export and import during the year 2018 according to the customs documents that was provided.

Table (1) shows export transactions:

Date	Item sesame	Custom code	Comm "Komsa"	Custom value SDG	Custom duties	BPT	VAT
February 2018	42 Tons	E 100	1207402	215,948	83.00	0.00	0.00
April 2018	80 Tons	E 100	1207402	5,700,000	83.00	0.00	0.00
July 2018	60 Tons	E 100	1207402	1,250,000	83.00	0.00	0.00
August 2018	71 Tons	E 100	1207402	3,400,000	83.00	0.00	0.00
September 2018	78 Tons	E 100	1207402	4,200,000	83.00	0.00	0.00
Total				14,765,948	415		

BPT: mean business profit tax paid at advance (prepaid tax) and VAT means value added tax.

Table (2) shows import transactions:

Date	Item	Custom value	VAT	Custom duties	BPT	Custom dollars	Market dollars
January 2018	640 ceramic belt	3,037,787	814,491	2,659,112	91,491	18	28
June 2018	1,940 ceramic belt	4,934,090	1,607,853	6,278,899	148,053	18	41
November 2018	2,910 ceramic belt	<u>5,687,370</u>	<u>1,737,760</u>	<u>6,488,803</u>	<u>170,621</u>	18	47.5
Total		13,660,247	4,160,104	15,426,814	410,164	Average	38.8

1. According to the provisions of contracts issued by the ministry of foreign trade which obligates exporters to oil seeds not to sell any export a price less than the total cost plus 11% (7% as margin profit and 4% as other overhead cost).
2. The value of the first – period inventory in January 2018 for ceramic and porcelain amounted to SDG 1,324,347 and inventory value at the end of the period as at 31/12/2018 at SDG 1,150,000. The stock has been valued at market price which includes margin of 20% - while the value of the opening inventory of the exported commodity was SDG 2,350,000 and the value of the closing inventory as at 31/12/2018 was SDG 1,850,000, and valued export inventory by cost only.

3. General and administrative expenses for the financial period 2018 can be detailed in the following table.

Details	Note	SDG
Salaries and wages	(1)	172,800
Rents		87,430
Telephones and internet		37,900
Bad Debts	(2)	178,500
General maintenance	(3)	84,601
Stationary and printing		18,300
Warehouse rental	(4)	238,000
Cleaning expenses	(5)	12,500
Contributions and donations	(6)	40,737
Non-current assets depreciations	(7)	244,000
Bank expenses		4,040
Local government fees		15,000
Transportations expenses	(8)	38,000
Social insurance expenses		35,000
Total		1,206,808

Notes:

1. Salaries and wages include SDG 35,000 full time manager's salaries and usually companies operating in the same field grant the full time manager the amount of SDG 12,800.
2. The taxation chamber approved the rate of 75% to cover bad debts and the same percentage for the use of telephone and the internet.
3. The item of maintenance expenses includes an amount SDG 15,500 which is the value of the purchases of the un original bills the value of the part for the manager's car recorded bills in his name .The remaining expenses for the purchase of the company's vehicles spears included VAT.
4. For ware house rents 40% of the ware house space is re-leased to the agricultural traders as commercial facilities at $\frac{1}{2}$ (half of the rent value).
5. The item of cleaning expenses. Is the amounts paid to the workers for the purpose of collecting and refining residues of sesame that do not conform to the specifications of the export one to be sold in the local market for oil plants with a profit margin estimated by 25% sesame exported amounts damaged to 8% of the total cost of export.
6. Contributions and donations include the following items:
 - a) SDG 15,000 is the company's contribution to the company's labours breakfast.
 - b) The amount of SDG 12,500 is the donation of the company's director to build a mosque in Khartoum industrial area.
 - c) The amount of SDG 13,237 is contribution of the company to support the millary effort in response to the appeal of the charity to support the armed forces.

7. Depreciation expenses of fixed assets is as follows:

Details	Company percentage	Taxation percentage	Value at 1/1/2018	Additional during the year	Disposal during the year	Value at 31/12/2018	Year depreciation	depreciation 1/1/2018	Depreciation 31/12/2018
Trucks(5)	25%	20%	1,146,000	-	650,000	496,000	124,000	186,000	310,000
Cars (salon) office(2)	20%	15%	200,000	200,000	-	400,000	80,000	40,000	120,000
Furniture	15%	10%	266,667	-	-	266,667	40,000	60,000	100,000
Total			1,612,667	200,000	650,000	1,162,667	244,000	286,000	<u>530,000</u>

In January 2018, the sale of the number of two (2) transport trucks in the local auction market.

8. Transport and deportation expenses is as 80% of the export of sesame oil and import of ceramics from port Sudan to Khartoum and the remaining 20% for the transportation of sesame that is not in compliance with the conditions issued to the local markets.

Required:

1. Calculate the income tax owed by bright star company for the year ended 2018?
(18 marks)
2. With the necessary adjustment and calculation, explain the concept of discounting and adding the budget according to the provisions of the Sudanese income tax law?

(7 marks)

Total (25 marks)

Question two:

Based on the information of the first question explain the following:

1. The company's position of value added tax (VAT) for the period position from January 2018 to December 2018?
2. Explain how the sesame export commodity is processed according to the Sudanese value added tax (VAT) law?

(5 marks)

(Total 25 marks)

Question three:

Mohamed Ahmed is Sudanese football player, married to Mona and has three children. He has been a member “expert player” of petro-international club in Busan since 2017. He is considered as resident in the state of Busan.

Details of the terms of his contract with the club include the following items:

- 1- He earns a weekly salary estimated at \$ 30,000 plus an annual incentive estimated at 50% of the weekly salary in the event that no tournaments are achieved and 100% in case of achieving any local championship and 200% in the event of a continental championship, the petro national team did not win any championship this year 2018.
- 2- The club has health insurance cost for Mohamed Ahmed and his family at \$2,500 per each person per year, in addition to 17% of the total annual salary as social insurance.
- 3- A new Mercedes - Benz vehicle is allocated each year with maintenance and fuel costs of \$ 12,500 per year plus a comprehensive car insurance fee of \$ 10,500 per year.
- 4- According to the text of the contract, the club is obliged to bear all the costs of the annual study for its children by \$ 30,000.
- 5- The club is obliged to pay the travel and accommodation costs for him and his children from the state of Busan to Sudan to spend the annual leave after the end of the local and continental tournaments (championships) of \$ 25,000.
- 6- According to the text of the contract Mohamed Ahmed deserves to enjoy the advantage of luxury accommodation (furnished apartment with eating and drinking) estimated at \$ 15,000 per month, in addition to the internet within the amount of \$1,000 per month.

Mohamed Ahmed also has a special contract with the club for media marketing. This contract includes the following items:

- a) Mohamed Ahmed receives \$ 12,000,000 a year for his participation in television advertising on a sport channel owned by the club.
- b) Also he earns 2,000,000 annually to wear a sports uniform for a global company, plus \$1,000,000 a year for wearing and promoting a world class watch.
- As a result of Mohamed Ahmed’s dedication to the ball and the huge amount of his money from advertising services, he commissioned his lawyer James Bond to follow up the legal and administrative matters for 5% of the total annual income for advertising and promotional services, in addition to his contract with his wife Mona to do financial and accounting work in return for a monthly salary of \$10,000 and rent a private vehicle for her cost \$ 5,000 per month.

Required:

1- Assuming there is no agreement to prevent double taxation between the Sudan and the state of Busan – calculate the income tax owed by the player Mohamed Ahmed for the year ended 31 December 2018?

(20 marks)

2- Briefly – explain how mixed taxes are treated?

(5 marks)**(Total 25 marks)****Question four:**

Alrowad tourism Services Company is a registered company according to the Sudanese companies' law. Owned by a group of Sudanese and foreign investors, with Sudanese representing 60%- while the foreigners are from the gulf countries and represent 20% and the rest are investors outside the borders of Islamic countries (non-Muslims). The following is the financial position of the company as at 31 December 2018:

Details	Notes	SDG(000)	SDG(000)
Noncurrent assets:			
Buildings		1,800	
Cars (motor vehicles)		2,000	
Furniture		1,600	
investments	(1)	<u>1,000</u>	
			6,400
Current assets:			
Inventory(stocks)	(2)	5,800	
Debtors		3,400	
Cash and bank balances		<u>5,200</u>	
			<u>14,400</u>
Total assets			<u>20,800</u>
Equities and Liabilities:			
Share capital		16,000	
General reserves	(3)	400	
Accumulate profit		<u>2,000</u>	
			18,400
Current Liabilities:			
Creditors		1,400	
Accruals		<u>1,000</u>	
			<u>2,400</u>
Total Equities and Liabilities			<u>20,800</u>

Notes:

- 1- On 1/1/2018 Alrowad company acquired 10% of the shares of the national hotels company of 10,000,000 million ordinary shares worth SDG1 pound per share plus a share premium of 50 piasters. At the end of 2018, the national hotels company achieved net profits of SDG16,000,000, these profits include 30% of which are the profits of bank deposits at Barclays Bank British. Alrowad Company did not receive any part due to difficulties related to bank transfers to Sudan.
- 2- The balances include a deposit in foreign bank which earned SDG 1,450,000 which classified as interest income.
- 3- The balance of the general reserve is the profits of foreign exchange currency against the Sudanese pound and the company did not recognize them as real profits and therefore they were carried directly to the general reserve account.
- 4- The management of Al-Rowad Company has proposed distributing 90% of the profit balance as dividends to ordinary share shareholders.

Required:

Calculate Zakat payable by Sudanese investors as Muslims according to the following cases?

A. Assuming that dividends paid to investors by the company are not (free) from Zakat?

(9 marks)

B. Assuming that these shares are held as non-current assets?

(8 marks)

C. Assuming that these shares are held as current assets?

(8 marks)

(Total 25 marks)