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OBAFEMI AWOLOWO UNIVERSITY  
FACULTY OF ENVIRONMENTAL DESIGN AND MANAGEMENT  
DEPARTMENT OF ESTATE MANAGEMENT

2011/2012 HARMATTAN SEMESTER EXAMINATIONS

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**COURSE TITLE:** ESM 303 – National and Local Taxation **TIME ALLOWED:** 3 Hours

**INSTRUCTION** Answer question 1 and any other ...

1. (a) Briefly discuss the types of transfers that are generally exempted from capital transfer tax. (5 marks)

(b) Pa Obiyomi who was resident in Ilesa for many years, died on 1<sup>st</sup> of May 1985 and was buried in Ile-Ife on the 15<sup>th</sup> of May, 1985. His assets and liabilities in Osun State left to his sons at the time of death were

**A. Tolu Obiyomi (1<sup>st</sup> Son)**

(i) Ijoka Street, Ilesa	8,575,000
(ii) Oke-Esho Street, Ilesa (Family House)	720,000
(iii) Personal Effects	1,100,000
(iv) Balance in Wema Bank, Ilesa	600,000
(v) 100,000 shares of N1.00 each at IBI price at N1.50	
(vi) Manuscripts transferred inter-vivos on October 25 <sup>th</sup> 1984	600,000

**B. Olawale Obiyomi (2<sup>nd</sup> Son)**

(i) Oromu Street, Ilesa	5,200,000
(ii) Ijaiye Street, Ile-Ife	1,800,000
(iii) Manuscripts transferred inter-vivos on 1 <sup>st</sup> of Jan. 1985	1,000,000

Also the following information were given:

(i) There is a loan of N180,000 as of 1<sup>st</sup> April, 1985 to be settled by both sons in the ratio of 11:7 (the first and the second son)

(ii) Both sons spent N160,000 on funeral expenses jointly

However on July 15<sup>th</sup> 1988, Tolu Obiyomi the 1<sup>st</sup> son of Pa Obiyomi died and was buried on 16<sup>th</sup> of July, 1988. He left all properties to his only son Tosin at death. Also, the following information were provided:

(i) Tolu had sold the house at Ijoka street, Ilesa two years ago at N9 million.

(ii) The family house had been converted to a shopping centre valued at N10 million

(iii) The shares inherited by Tolu from his father are still existing but the price has fallen to N1.25.

(iv) He transferred the manuscripts inherited from his father to his son on the 1<sup>st</sup> of April 1988.

(v) Funeral expenses were as follows.

Casket	N15,000
Entertainment and others	N37,500

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(vi) Personal Effects

N1,400,000

Calculate the CTT payable by Tolu, Olawale and Tosin as of 1<sup>st</sup> May, 1986 by Olawale and Tolu and as of 1<sup>st</sup> of July, 1989 by Tosin. Give reasons for all entries made. (15 marks)

2. Discuss the problems of taxation in a named city in Nigeria.

(20 marks)

3 (a) Define Capital Gains and Capital Gains Tax.

(5 marks)

(b) In 1980, Mr Tella purchased a house for N30 million after paying 5% as agency fees and a further N1.5 million for repairs. In 1982, Mr. Tella also acquired a shopping complex consisting of 16 shops for N96 million. He paid 3% as agency fees and spent N800,000 on each shop for repairs.

However, in 1986, Mr. Tella sold the house for N51 million after paying a commission at 5% of the sale price. Then in 1989, it invited a firm of valuers to estimate the present value of the shopping complex which was put at N168 million. Immediately after this exercise, he sold 7 of the shops in the shopping complex to private buyers after paying N4 million as agency fees which is just 5% of the sales price.

Calculate the capital gains tax payable on the properties disposed by Mr. Tella. (15 marks)

4. (a) A tax is a compulsory deduction from income or capital value of assets of taxable citizens of a country for the support of government actions. Discuss. (12 marks)

(h) Discuss any FOUR of the following laws with respect to taxation in Nigeria

(i) The Finance (Miscellaneous Taxation Provision) Decree No.98 of 1979

(2 marks)

(ii) Decree 102 of 1993

(2 marks)

(iii) Decree No. 44 of 1967

(2 marks)

(iv) Decree No. 12 of 1979

(2 marks)

(v) Section 18 and 19 of Decree No. 12 of 1979

(2 marks)

(vi) Local Government Reform of 1976

(2 marks)