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**CERTIFIED PUBLIC ACCOUNTANT  
FOUNDATION LEVEL 2 EXAMINATIONS**

**F2.4: TAXATION**

**DATE: MONDAY 26, MAY 2025**

**MARKING GUIDE AND MODEL ANSWERS**

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## QUESTION ONE

### Marking guide

<b>Computation of tax on liquidation</b>	
<b>(a)</b>	<b>Marks</b>
Proceed from sales of assets	1
Less Liabilities	
Outstanding loan principal	0.5
Arrears interest	0.5
Penalty on unpaid loan	0.5
Corporate Income Tax due	0.5
Accrued salary	0.5
Accrued rent	0.5
Accrued water and electricity bill	0.5
Accumulated loss	0.5
<b>Total liabilities</b>	
Less Capital	1
Balance (Dividend to be shared by shareholder)	0.5
Tax (Withholding tax @15%)	0.5
<b>Workings on outstanding principal and interest</b>	
Total principal to be repaid	0.5
Total Interest to be repaid	0.5
Total repaid principal (FRW 1,000,000*46)	0.5
Total paid interest (FRW 200,000*46)	0.5
Unpaid Interest	0.5
Unpaid Principal	0.5
<b>Subtotal (a)</b>	<b>10</b>
<b>(b)</b>	
Degree of completion: Total cost incurred in 2024/Total budgeted cost	1
Taxable income	
Revenue (2,500,000,000*63%)	1
Less expenses	
Materials	0.5
Salaries cost	0.5
Rent of materials space	0.5
Depreciation of Machinery (25%*400,000,000)	1
Miscellaneous	0.5
Engineers' expenses	0.5
Electricity cost (Allowed is 2/3 of 50,000,000)	1
Fuel related to business exclusively (3/4*150,000,000)	1
Fuel for chief engineer (1/4*150,000,000*80%)	1
Total	
Taxable income	0.5

Tax Liability @30%	1
<b>Subtotal (b)</b>	<b>10</b>
<b>Total</b>	<b>20</b>

## Model answers

(a)

Computation of tax on liquidation	
	<b>FRW</b>
Proceed from sales of assets	120,000,000
<b>Less Liabilities</b>	
Unpaid Principal	4,000,000
Unpaid Interest	800,000
Penalty on unpaid loan	500,000
Corporate Income Tax due	3,500,000
Accrued salary	7,000,000
Accrued rent	2,000,000
Accrued water and electricity bill	6,500,000
Accumulated loss	-
<b>Total liabilities</b>	<b>(24,300,000)</b>
Less Capital	(30,000,000)
Balance (Dividend to be shared by shareholder)	65,700,000
Tax (Withholding tax @15%)	9,855,000

Workings on outstanding principal and interest			
Loan amount	50,000,000	Repayme nt period	Total Repayment amount (FRW)
Month principal repayment since February 2020	1,000,000	50 months	50,000,000
Month Interest repayment since February 2020	200,000	50 months	10,000,000
Repayment periods (From Feb 2020 up to Nov 2023)	46 months		
Total repaid principal (FRW 1,000,000*46)	46,000,000		
Total paid interest (FRW 200,000*46)	9,200,000		
Unpaid Interest (50M-46M)	4,000,000		
Unpaid Principal (10M-9.2M)	800,000		

(b)

Computation of taxable income	
Degree of completion: Total cost incurred in 2024/Total budgeted cost	63%
<b>Taxable income and liability</b>	<b>FRW</b>
Revenue (2,500,000,000*63%)	1,562,500,000
<b>Less expenses</b>	
Materials	300,000,000

Salaries cost	165,000,000
Rent of materials space	30,000,000
Depreciation of Machinery (25%*400,000,000)	100,000,000
Miscellaneous	20,000,000
Engineers expenses	-
Electricity cost (Allowed is 2/3 of 50,000,000)	33,333,333
Fuel related to business exclusively (3/4*150,000,000)	112,500,000
Fuel for chief engineer (1/4*150,000,000*80%)	30,000,000
<b>Total</b>	<b>790,833,333</b>
<b>Taxable income</b>	<b>771,666,667</b>
<b>Tax Liability @30%</b>	<b>231,500,000</b>

## QUESTION TWO

### Marking Guide

Q 2	Description	Marks
A		
i	Award 1 Marks on each correct EAC customs union feature	7
ii	Award 1 Mark on each well stated document	4
B	<b>Award 0.5 marks for formula and 0.5 marks for c calculation except for VAT for the followings:</b>	
	CIF	1
	Import duty	1
	Excise tax	1
	Award 1 mark for formula and 1 mark for calculation of VAT	2
	WHT	1
	IDL	1
	AUL	1
	Computer processing fee	1
	<b>Total Marks</b>	<b>20</b>

### Model Answer

A. The main features of a Customs Union.

**i. The main features of a Customs Union include the following:**

- A common set of import duty rates applied on goods from third countries (Common External Tariff, CET);
- Duty-free and quota-free movement of tradable goods among its constituent customs territories;
- Common safety measures for regulating the importation of goods from third parties such as phyto-sanitary requirements and food standards.
- A common set of customs rules and procedures including documentation.
- A common coding and description of tradable goods (common tariff nomenclature, CTN);
- A common valuation method for tradable goods for tax (duty) purposes (common valuation system);

- A structure for collective administration of the Customs Union.
- A common trade policy that guides the trading relationships with third countries/trading blocs outside the Customs Union i.e. guidelines for entering into preferential trading arrangements such as Free Trade Area's etc. with third parties.

ii. **The documents that are required to prove that goods being imported or exported were produced in the EAC:**

Imported goods that are produced within the EAC can be subject to exemptions. In addition, imported goods that are produced within the EAC only are granted automatic access to the pre-clearance facility. These benefits require a Certificate of Origin delivered by the exporting country.

**Documents**

1. Certificate of Origin (EAC Certificate of Origin – Form D)
2. Commercial Invoice
3. Packing List
4. Transport Documents (Bill of Lading/Airway Bill/Truck CMR Note)
5. Import/Export Declaration Forms (IDF/EDF)

**B. Computation of the customs duty and taxes to be paid.**

Computation of CIF	USD	Exchange rate	FRW
Cost	60,000	1,100	66,000,000
Insurance	3,000	1,100	3,300,000
Freight	15,000	1,100	16,500,000
			85,800,000
Handling fees			1,100,000
Import duty	21,450,000		
Excise duty	10,725,000		
VAT	21,235,500		
WHT	4,290,000		
IDL	1,287,000		
AUL	171,600		
Computer processing fees	3,000		
	<b>59,162,100</b>		

**QUESTION THREE**

**Marking Guide.**

Descriptions	Marks
Basic salary	0.5
vocation allowance	0.5
Risk Allowance	0.5

<b>Descriptions</b>	<b>Marks</b>
Meals allowance	0.5
Entertainment Allowance	0.5
Transport Allowance	0.5
Bonus	0.5
School fees	0.5
Contribution to pension scheme	0.5
Home maid	0.5
<b>Total allowance</b>	<b>0.5</b>
<b>Benefits in Kind</b>	
Housing	1
Car	1
Loan interest @ 4%	1
<b>Total employment income</b>	
<b>Other income</b>	
Interest from Bank	1
Dividend	1
Agriculture income	1
Total other income	
Total Taxable income	
Tax payable	
0-360,000	0.5
360,001-1,200,000	0.5
Above @ 30%	0.5
Total tax payable	0.5
Less tax paid at source	0.5
WHT on foreign dividend	0.5
Net tax payable	0.5
<b>Total</b>	<b>15</b>
Award 0.5 marks for each administrative fine rate	1.5
Award 0.5 marks for each interest rate for late payment	1.5
Award 0.5 marks for each interest rate implication	1.5
Award 0.5 for order	0.5
<b>Total</b>	<b>5</b>
<b>Total Marks</b>	<b>20</b>

### Model Answer

a)

<b>Descriptions</b>	<b>Monthly</b>	<b>Annual</b>
Basic salary	2,100,000	25,200,000
Vocation allowance	350,000	4,200,000
Risk allowance	480,000	5,760,000
Meal allowance	420,000	5,040,000
Entertainment	630,000	7,560,000

<b>Descriptions</b>	<b>Monthly</b>	<b>Annual</b>
Transport allowance	120,000	1,440,000
Bonus		2,500,000
School fees	91,667	1,100,000
Unregistered scheme contribution		1,000,000
Home maid salary		160,000
Total cash allowance		53,960,000
<b>Benefit in kind</b>		-
house		10,792,000
car		5,396,000
Interest on loan		480,000
Total employment income		<b>70,628,000</b>
		-
Other income		-
Interest		245,000
Dividends		1,058,824
livestock income		3,600,000
<b>Total taxable income</b>		<b>75,531,824</b>
Tax payable		22,467,547
Less WHT paid		- 158,824
Net tax payable		22,308,724

b)

**Discuss administrative fines for late tax declaration and payment,**

**A taxpayer who fails to declare and pay tax within the time limit provided by law pays such a tax and is liable to an administrative fine as follows:**

1° twenty percent (20%) of due tax, if the time limit for payment extends for a period of time not exceeding thirty (30) days;

2° forty percent (40%) of due tax, if the taxpayer paid within a period ranging from the thirty-first day (31st) to sixtieth (60th) day from the final date of payment;

3° sixty percent (60%) of due tax, if the taxpayer exceeds the time limit for payment by more than sixty (60) days.

**The rate of interests for late payment is fixed as follows:**

1° zero point five per cent (0.5), if the taxpayer has recorded a delay not exceeding six (6) months with respect to the time limit for payment;

2° one per cent (1%), if the taxpayer has recorded a delay of six (6) months in tax payment but not more than twelve (12) months;

3° one point five percent (1.5%), if the taxpayer has recorded a delay of more than twelve (12) months.

### Implication of interest of rate payment

- Interests for late payment are non-compounding and calculated on a monthly basis counting from the first day following the day on which the tax would have been paid until the day of payment inclusive. Every month that begins is considered as a complete month.
- Interests for late payment cannot exceed one hundred percent (100%) of the amount of tax.
- Interests for late payment are always payable, even when the taxpayer has lodged an administrative or judicial appeal against the assessment.

**When the taxpayer pays, that payment offsets the tax liability in the following order:**

- 1° principal tax;  
2° administrative fine;  
3° interests for late payment.

### QUESTION FOUR

#### Marking guide

Question five (a)	Marks
<b>Computation of deductible inputs, and the VAT payable for the month of December 2021. (Total marks: 12)</b>	
Award 0.5 mark for each transaction in the computation of output tax. (Maximum: 4 marks)	4
Award 0.5 mark for each transaction in the computation of input tax. (Maximum: 4.5 marks)	4.5
Formula for allowable Input VAT	0.5
Award 2 for the computation of allowable input tax. (Maximum 3 marks)	3
<b>Question five (b)</b>	
Award 2 marks for a well explained VAT reverse charge, (Maximum: 2 marks)	2
Award 2 marks for a well explained VAT retained by public institutions (Maximum: 2 marks)	2
Award 2 marks for a well explained VAT refund for privileged persons (Maximum: 2 marks)	2
<b>Question five (c)</b>	
Award 0.5 marks for each characteristic of VAT (2 marks)	2
<b>Total Marks</b>	<b>20</b>

#### Model answer

**A.** Computation of deductible inputs, and the VAT payable for the month of December 2021.

#### Output VAT computation

Uwantege Queen VAT for the Month of December 2021



## Purchase

Description	Standard (FRW'000')	Zero (FRW'000')	Exempted (FRW'000')	Input VAT
Blue labels	68,095	-	-	10,387
Processed African Tea	37,000	-	-	5,644
Milk	-	-	46,500	-
Mineral Water	27,620	-	-	4,213
Rent	5,200	-	-	793
Computers	-	-	13,000	-
Gaz	-	-	2,400	-
Fresh lemon	-	-	260	-
Fresh ginger	-	-	340	-
<b>Total</b>	<b>137,915</b>	<b>-</b>	<b>62,500</b>	<b>21,038</b>

## Sales

Description	Standard (FRW'000')	Zero (FRW'000')	Exempted (FRW'000')	Output VAT
Blue labels	89,000	-	-	16,020
Processed African Tea	47,000	-	-	8,460
Milk	-	-	58,000	-
Mineral Water	30,200	-	-	5,436
Computers	-	-	34,000	-
Gaz	-	-	890	-
Fresh lemon	-	-	320	-
Fresh ginger	-	-	190	-
<b>Total</b>	<b>166,200</b>	<b>-</b>	<b>93,400</b>	<b>29,916</b>

Allowable Input VAT = (Taxable goods/Total sales) \* input tax

Input VAT deductible	
Total sales	259,600,000
Taxable sales	166,200,000
<b>Input VAT deductible= Taxable sales/Total sales*General Input VAT</b>	<b>507,832</b>

Total input VAT claimable (21,038,000-793000+507,832)	20,752,493
Total output VAT	29,916,000
<b>VAT Payable</b>	<b>9,163,507</b>

**B. Explanations on VAT reverse charge, VAT retained by public institutions and VAT refund for privileged persons.**

- **VAT reverse charge**

If a local taxpayer is a recipient of a service from a foreign supplier, the local taxpayer is required to declare and pay the VAT on this service received. This VAT may be offset as input tax, only if the service received is not available in the local market. If the service is available on the local market, then the VAT may not be offset as input tax.

- **VAT retained by public institutions**

Government and public institutions must withhold 18% VAT on all taxable supplies within public tenders. The taxpayer who has won tender is required to declare the taxable supplies as output VAT but can offset the VAT retained by public institutions. the VAT is paid by public institutions on behalf of the taxpayer.

- **VAT refund for privileged persons** refers to the refund available to certain type of consumers on the VAT paid on their goods and services.
  - Privileged persons refer to: diplomats or individuals on diplomatic mission
  - Non-governmental organizations, inter-governmental organizations, or donor-funded projects.
  - Privileged persons are allowed to claim the VAT they paid when purchasing goods and services.

**C. Characteristics of VAT**

- VAT is a consumption tax i.e. the consumer of taxable goods or services pays VAT.
- VAT is an indirect tax.
- VAT is a multi-stage tax of transaction from importer or manufacturer to a wholesaler and finally to the consumer.
- VAT is tax levied on supply of goods made in Rwanda, on the supply of services, and on importation of goods or services.
- VAT is a tax on the value added to a commodity or services. It is imposed on the value added at each stage from the stage of production to retail stage.
- VAT is imposed on the value that business firms add to the goods and services the purchased from other firms.

**QUESTION FIVE**

**Marking guide**

	<b>Marks</b>
A. Award 1 mark for each circumstance well stated, Maximum 7 marks	7
B. Award 1 mark for each benefit well explained, Maximum 3 marks on taxpayer and 3 marks on tax administration, Total 6 marks.	6
C. Award 1 mark for each obligation listed on both tax administration and debtor, Maximum 7 marks	7
<b>Total</b>	<b>20</b>

## **Model answers**

### **(a)**

Circumstances that may trigger tax assessment without notice issued by tax administration to taxpayer are:

1. No tax declaration has been made.
2. A tax declaration was filed after the day mentioned in the Law on Taxes and there was no proof given of “force majeure” justifying the delay in filing.
3. The tax declaration was not signed by a competent person.
4. The tax declaration was not accompanied by all necessary documents.
5. The taxpayer was unwilling to cooperate with a tax audit officers or did not provide the information requested.
6. Books and records were not kept as provided by law.
7. There are serious indications of tax fraud.

### **(b)**

#### **Benefit of self-disclosure to the taxpayer**

##### **1. Waiver and exemption of Penalties and Interest:**

Rwanda's tax laws impose penalties and interest on taxpayers who fail to fully comply with their obligations. By voluntarily disclosing errors or omissions, taxpayers can be waived or exempted such penalties, as the tax administration may offer more lenient treatment when they proactively correct their mistakes.

##### **2. Legal Protection:**

Taxpayers who make a self-disclosure may be able to protect themselves from future prosecution or legal actions that could arise from tax evasion or fraud. By coming forward, they demonstrate a willingness to comply with the law.

##### **3. Improved Taxpayer Reputation:**

Regular self-disclosure shows a commitment to transparency and compliance, which can improve the taxpayer's reputation with the tax authorities. This could be beneficial for future interactions with the tax administration and for business credibility.

##### **4. Opportunity for Tax Adjustments:**

Self-disclosure offers taxpayers the opportunity to correct past mistakes and adjust their tax obligations accordingly, ensuring that they only pay what they truly owe, without facing unfair assessments

## **Benefit of self-disclosure to the tax administration**

### **1. Increased Tax Compliance:**

Self-disclosure encourages voluntary compliance with tax laws. When taxpayers report their mistakes and inaccuracies, it results in a higher level of overall tax compliance, contributing to an increased tax revenue base.

### **2. Resource Optimization:**

By encouraging self-disclosure, the tax administration can reduce the need for costly audits and investigations. This allows resources to be used more effectively, focusing on high-risk areas or more complex cases rather than spending time and money on routine investigations.

### **3. Revenue Generation:**

Self-disclosure often leads to the payment of back taxes that may have otherwise been unreported or underreported. This additional revenue can help strengthen public finances and support government initiatives and services.

### **4. Building Trust Between the Public and Authorities:**

When taxpayers see that the tax administration is willing to offer more lenient treatment for self-disclosure, it fosters a sense of fairness and trust. This transparency can result in improved cooperation between the tax administration and the public.

### **5. Promoting a Culture of Compliance:**

Self-disclosure can be seen as an opportunity to build a culture of voluntary compliance, where taxpayers feel encouraged to correct their mistakes, rather than fear punishment. Over time, this can lead to greater overall adherence to tax regulations.

**(c)**

## **Obligation of tax administration**

1. To send a notification to that person;
2. To ask the debtor to give a clear explanation of the debt due to the taxpayer;
3. To inform the debtor that he or she is required to pay to the tax administration in accordance with the terms and conditions of the contract with the taxpayer or with respect to obligations of the taxpayer;
4. To send copies of all the letters to the taxpayer he or she sent to the debtor

## Obligation of debtor

1. To give written explanations to the Tax Administration of the amount due or;
2. To notify the Tax Administration in writing that he or she owed no debt to the taxpayer by the time when the Tax Administration notified him or her;
3. To pay the debt which is equivalent to the tax in accordance with the contract with the taxpayer or with respect to obligations to the taxpayer.

## QUESTION SIX

### Marking Guide

Q six	Details	Marks
a	Reported profit	1
	<b>Add: Non-deductible expenses</b>	
	IQP	0.5
	Bad debts	0.5
	Depreciation	0.5
	WHT paid on imports	0.5
	VAT	0.5
	Legal fees	0.5
	Repair and maintenance	0.5
	Communication (other expenses)	1
	Donation (less than 1%) not included	1
	Less non-operating income	
	Dividend received	0.5
	Add other income: Dividend received from local Co	0.5
	Total income	0.5
	<b>Less</b>	
	Depreciation allowed	0.5
	Adjusted taxable income	0.5
	Computation of tax to be paid	
	Tax for the year	1
	<b>Less</b>	
	Withholding tax on imports	0.5
	Quarterly prepayments	0.5
	Tax liability/ credit	1
	<b>Total</b>	
b	Award 1 mark for each circumstance	4
	Award 0.5 marks for each entity stated	4
	<b>Total</b>	
	<b>Total Marks</b>	<b>20</b>

## Model Answer

### a) Computation of taxable income and tax liability of Kigali Mount Limited for the year ended 31/12/2020

Items	Workings	Amount "000" Frw	Amount "000" Frw
Reported profit			83,030
<u>Add non-allowable deductions</u>			
IQP		42,100	
Bad debts		4,000	
Depreciation		5,200	
WHT paid on imports		7,100	
VAT		7,500	
Legal fees		2,000	
Repair and maintenance		9,000	
Communication (other expenses)	20% *3,980	796	
		77,696	77,696
<u>Less non-operating income</u>			<b>160,726</b>
Dividend received		89,400	89,400
			<b>71,326</b>
<u>Add other income:</u>			
Dividends received from a local company	Not taxable	0	-
Total income			71,326
<u>Less</u>			
Depreciation allowance			20,000
Adjusted taxable income			51,326
<u>Computation of tax to be paid</u>			
Tax for the year	51,326 *30%		15,398
<u>Less</u>			
WHT paid on imports		7,100	
Quarterly prepayments		42,100	
		49,200	<b>49,200</b>
Tax liability/credit			(33,802)

#### \*Donation

Allowable donation:  $(2980,000)1\%$  of 298,000,000 > 2,890,000. Then all donation is allowable expenses

### b) Circumstances under which a company pays Corporate Income Tax at a rate other than 30%

- Companies and co-operatives that carry out micro-finance activities approved by competent authorities pay corporate income tax at the rate of zero percent (0%) for a period of five (5) years from the time of their approval. However, this period may be renewed where entities fulfil

the conditions prescribed by an Order of the Minister. Entities that are taxed at 0% are required to submit to the Tax Administration their financial statements not later than 31st March following the tax period.

- Twenty percent (20%) if those companies sell at least forty percent (40%) of their shares to the public;
- Twenty-five percent (25%) if those companies sell at least thirty percent (30%) of their shares to the public;
- Twenty-eight percent (28%) if those companies sell at least twenty percent (20%) of their shares to the public.
- Others highlighted in investment promotion and facilitation in RWANDA

### Entities exempted from Corporate Income Tax

g According to Article 46 of Law 16/2018, the Government of Rwanda and the following Entities are exempted from corporate income tax:

- the City of Kigali and Districts;
- the National Bank of Rwanda;
- entities that carry out only activities of a religious, humanitarian, charitable, scientific or educational character, unless the revenue received exceeds the corresponding expenses or if those entities conduct a business;
- international organizations, agencies of technical cooperation and their representatives, if such exemption is provided for by international agreements;
- qualified pension funds;
- public institution in charge of social security;
- Development Bank of Rwanda « BRD »;
- Agaciro Development Fund Corporate Trust;
- Business Development Fund limited “BDF Ltd”.

### QUESTION SEVEN

(a)

Marking guide

Description	Marks
<b>Gross Rental Income</b>	
2 Combine Harvesters rented from 01st July 2024	
Income (FRW 200,000*2) *6 months (Award 1 mark for the student who indicated the correct month and 1 mark for computing income; maximum 2 marks)	2
2 remaining combine Harvesters rented from 01st October 2024	
Income (FRW 250,000*2) *3 months (Award 1 mark for the student who indicated the correct month and 1 mark for computing income; maximum 2 marks)	2

Description	Marks
<b>Total Gross Income</b>	
<b>Less allowable expenses</b>	
1. Deemed expenses of 10% of gross rental income	1
2. Interest on loan	2
3. Depreciation	1
Tax liability	
1-180,000	1
180,001-410,000	1
Total Tax liability	
<b>Total Marks</b>	<b>10</b>

<b>(b) (i)</b>	
<b>Tax on commercial building</b>	
<b>Particular</b>	<b>Marks</b>
Commercial Building	1
<b>Tax on land</b>	
Standard	1
Excess	1
<b>(b) (ii)</b>	
Award 1 mark for each person stated, Maximum 4 marks	4
<b>(c)</b>	
Award 1 mark for well explained treatment of Trading license, Maximum 3 marks	3
<b>Total Marks</b>	<b>20</b>

## Model answers

### (a)

Descriptions		Amount
Purchase cost of machinery	10,000,000	
Saving	5,000,000	
Loan	5,000,000	
Interest @16%		
	rented months	Annual
Annual rental income for 2 assets	6	2,400,000
Annual rental income for 2 assets	3	1,500,000
Total Annual income		<b>3,900,000</b>
Less Allowed expense @ 10%		390,000
<b>interest 16% for 8 months</b>		<b>533,333</b>
Depreciation @ 25%		2,500,000
<b>Taxable income</b>		<b>476,667</b>
Tax payable ((476,667-360,000) *20%)		23,333



**(b)(i)**

Building tax	1,250,000
<b>Land tax</b>	
Sqm	450
Land tax for standard size @ 200 per SQM i.e 30 SQM	60,000
Land tax for excess size @ 300 per SQM ie 150 SQM	45,000
<b>Total tax</b>	<b>1,355,000</b>

**(b)(ii)**

According to Article 9 of Law 44/2018, the following persons are considered to be owners of property:

1. The holder of immovable property where the property title deed has not yet been transferred in his/ her own name;
2. A person who occupies or who has used the immovable property for a period of at least two (2) years as if he/she is the owner as long as the identity of the legally recognized owner of such property is not known;
3. A proxy who represents an owner of property who lives abroad;
4. A usufructuary; an administrator of an abandoned property.

**(c)**

**Trading license in case the taxable activity begins in January**

If taxable activities begin in January, the trading license tax must be paid for the entire year.

**Trading license in case the taxable activity begins after January**

If taxable activities start after January, the taxpayer must pay a trading license tax equivalent to the remaining months, including the month in which the activities started.

**Trading license in case the taxable activity happens seasonally**

If a taxpayer conducts seasonal or periodic activities, the trading license tax must be paid for the full year, even if the taxable activities do not occur throughout the entire year.

**End of Marking Guide and Model Answers**