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**NATIONAL OPEN UNIVERSITY OF NIGERIA**

**14-16 AHMADU BELLO WAY, VICTORIA ISLAND LAGOS**

**SEPTEMBER/OCTOBER 2015 EXAMINATION**

**SCHOOL OF LAW**

**COURSE CODE: LAW 433**

**COURSE TITLE: TAXATION LAW 1**

**TIME ALLOWED: 2 1/2 hrs**

**INSTRUCTION: ANSWER FOUR QUESTIONS IN ALL**

**QUESTION 1 IS COMPULSORY, AND ANY OTHER THREE QUESTIONS**

 **Each question carries 17 ½ marks**

**1.** One of the best ways of understanding the basics of any concept is by knowing its definition. Some of your course mates on law of taxation missed the introductory part of the lectures, due to reasons best known to them. After the lecture on this particular day, the lecturer taking them on the course announced that, there will be a test in an hour’s time on the previous lectures. The reason being that, some students have not been taking the course seriously and have also been playing truancy. As a result of this unexpected test, the sets of students who have been playing truancy and have missed the introductory part of the lecture quickly approached you for a brief tutorial class. As a student of taxation, examine the concept of tax to them.

2. The principles of tax must not necessarily be understood by majority of the citizens and also must not be that simple to operate, notwithstanding that , it is a very sensitive issue as it generates the highest revenue for the government. There may be consistency in administration of the tax among the different strata of government because there are no ingredients that make up a good tax .The fact is that there is nothing called the cannons of taxation in the real sense. Critically examine this statement.

3. The introduction of tax is not a good omen for human society, as it does not serve any purpose per say. It makes little or no difference in an egalitarian society, tax is for the benefits of the government and most especially the politician, rather than the society and this cannot be overemphasized. Do you think it is important for the government to levy tax on its citizens and that the payment should be taken seriously?

4. 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 a history. In view of this, to have a balanced understanding of the legal regime of taxation especially as it operates in Nigeria, you need to know the historical background of the Nigerian tax system says Laide . He further states that, the pre-colonial era of taxes were not strictly pecuniary, but Imo says it is the other way round. What was the true position of the payment of tax during this period? Discuss.

5. 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, it is expected of you to fully understand and be able to identify all the kinds of taxes that operate in our society. Identify and explain the various categories of taxes you have learnt in this course.

b. Discuss the shortcomings of the 1940 ordinance to the system of taxation in Nigeria

 6. Differentiate, if any between tax and money paid by a person for the provision of health services, a fee paid at the toll gate and other forms of compulsory contributions.

B. Write an explanatory notes on the following:

 (a) Deduction allowable in relation to tax

 (b) Deduction not allowable under the Nigeria law.