

**INSTITUTE OF CHARTERED ACCOUNTANTS OF NIGERIA**

**TAXATION**

**APRIL 2019**

**SUGGESTED SOLUTIONS TO PILOT QUESTIONS**

**SECTION A            MULTIPLE-CHOICE QUESTIONS**

1.    C
2.    E
3.    D
4.    B
5.    E
6.    A
7.    B
8.    A
9.    B
10.  A
11.  B
12.  E
13.  C
14.  B
15.  C
16.  E
17.  A
18.  C
19.  A
20.  E

**WORKINGS TO MULTIPLE CHOICE QUESTIONS**

5. Output VAT =  $5/105 \times N3,150,000 = N150,000$ .

7. Gross income to be reported = Consolidated salary + Benefits-in-Kind  
=  $N3,600,000 + 720,000 = N4,320,000$ .

**SUGGESTED SOLUTION TO QUESTION 1**

- (a) The national tax policy (NTP) 2017, is expected to achieve the following specific objectives, among others:
- (i) Guide the operation and review of the tax system;
  - (ii) Provide the basis for future tax legislations and administration;
  - (iii) Serve as a point of reference for all stakeholders on taxation;
  - (iv) Provide benchmark on which stakeholders shall be held accountable; and
  - (v) Provide clarity on the roles and responsibilities of stakeholders in the tax system.

(b) **Guiding principles of Nigeria tax system**

All existing and future taxes are expected to align with the following fundamental features:

- (i) **Equity and fairness:** Nigeria tax system should be fair and equitable devoid of discrimination. Taxpayers should be required to pay according to their ability.
- (ii) **Simplicity, certainty and clarity:** Tax laws and administrative processes should be simple, clear and easy to understand.
- (i) **Convenience:** The time and manner for the fulfillment of tax obligations shall take into account the convenience of taxpayers and avoid undue difficulties.
- (ii) **Low compliance cost:** The financial and economic costs of compliance to the taxpayer should be kept to the barest minimum.
- (iii) **Low cost of administration:** Tax administration in Nigeria should be efficient and cost-effective in line with international best practices.
- (iv) **Flexibility:** Taxation should be flexible and dynamic to the extent that it does not retard economic activities.
- (v) **Sustainability:** The tax system should promote sustainable revenue, economic growth and development. There should be a synergy between tax

policies and other economic policies of government.

- (c) **Professional bodies, tax practitioners, consultants and agents shall:**
  - (i) Act in accordance with professional code of conduct and ethics;
  - (ii) Not aid and abet tax evasion and corrupt practices, and
  - (iii) Actively promote effective tax compliance.
  
- (d) **Important measures to put in place by government to ensure an efficient tax administration**
  - (i) **Payment processing and collection:** Collection system shall leverage on modern technology towards advancing ease of payment and prevention of revenue losses.
  - (ii) **Record keeping:** Tax authorities shall partner with the relevant agencies to set up automated systems and adequately train tax officials in the use and maintenance of such systems. Electronic systems of record keeping in line with global best practices should be entrenched to enhance the tax administration process.
  - (iii) **Exchange of information:** Tax authorities shall develop an efficient framework for cooperation and sharing of information with other tax authorities and relevant local and international agencies. This will mitigate tax evasion and revenue losses.
  - (iv) **Enforcement of tax laws:** Tax authorities shall ensure the enforcement of civil and criminal sanctions as provided under the various tax laws.
  - (v) **Funding of tax authorities:** Government shall provide adequate funding for tax authorities. Accordingly, government should ensure that an adequate percentage of revenue collected should be provided to the authority for its operations.
  - (vi) **Funding for tax refunds:** Government shall provide adequate funding to meet refund obligations. Tax authorities shall ensure timely and efficient payment of refunds.

- (vii) **Ease of paying taxes:** Tax authorities shall ensure that payment procedures and documentation are convenient and cost effective. Tax authorities shall work towards ensuring accelerated improvement on the global index of ease of paying taxes.
  
- (viii) **Revenue autonomy:** Governments shall ensure a reasonable level of financial and administrative autonomy for their respective tax authorities to facilitate effective discharge of their duties.

**MARKING GUIDE (Suggested solution to question 1)**

**Mark**

- |     |  |           |
|-----|--|-----------|
| (a) | 1 mark for each objective of National Tax Policy subject to a maximum of 3 points  | 3         |
| (b) | 1½ marks for correct explanation of each guiding principle of Nigerian tax system subject to a maximum of 5 points   | 7½        |
| (c) | 1 mark for each responsibility of professional bodies, tax professionals, consultants and agents, at ensuring orderly and sustainability development of Nigerian tax system subject to a maximum of 2 points | 2         |
| (d) | 1½ marks for each machinery to be put in place in ensuring an efficient tax administration, subject to a maximum of 5 points   | <u>7½</u> |
|     |  | <u>20</u> |
- 

## SUGGESTED SOLUTION TO QUESTION 2

(a)

**Mr. Victor Aminu**  
**Computation of personal income tax liability**

For 2018 assessment year

	N	N
Earned income		
Basic salary		3,250,000
Transport allowance		270,000
Rent allowance		360,000
Utilities allowance		128,200
Medical allowance		55,000
Leave bonus allowance (10% of N3,250,000)		325,000
Entertainment allowance (N12,000 x 12)		144,000
Benefit-in-kind- car (5% of N4,500,000)		225,000
Benefit-in-kind-generator (5% of N750,000)		<u>37,500</u>
<b>Gross emoluments</b>		<b>4,794,700</b>
Unearned income		
Dividends:		
Paid on 12/4/17	48,000	
Paid on 20/12/17	<u>53,000</u>	
		<u>101,000</u>
<b>Gross income</b>		<b>4,895,700</b>
Less: Dividend		<u>101,000</u>
<b>Net Gross income</b>		<b>4,794,700</b>
Less: Consolidated relief allowance (N200,000 + 20% of N4,794,700)		<u>1,158,940</u>
		3,635,760
Less: Tax exempt:		
Life assurance relief	240,000	
Pension scheme (8% of N4,794,700)	383,576	
Housing scheme (2 ½ % of N4,794,700)	<u>119,868</u>	
		<u>503,444</u>
<b>Chargeable income</b>		<b><u>3,132,316</u></b>

### Computation of income tax liability of Mr. Aminu for 2018 assessment year

	N	K
First N 300,000 @ 7% =	21,000.00	
Next N 300,000 @ 11% =	33,000.00	
Next N 500,000 @ 15% =	75,000.00	
Next N 500,000 @ 19% =	95,000.00	
Next <u>N1,532,316</u> @ 21% =	321,786.36	
<u>N3,132,316</u>		
Tax liability	<u>545,786.36</u>	

(b) **Non-allowable deductions as provided for in section 21 of Personal Income Tax Act Cap P8 LFN 2004 (as amended) are as follows:**

- (i) Domestic or private expense;
- (ii) Capital withdrawn from trade, business, profession or vocation and any expenditure of a capital nature;
- (iii) Any loss or expense recoverable under an insurance or contract of indemnity;
- (iv) Rent of or cost of repairs to any premises or part of premises not incurred for the purpose of producing the income;
- (v) Taxes on income or profits levied in Nigeria or elsewhere except as provided in Section 13 of this Act (the income from a dividend paid by a company other than Nigerian company);
- (vi) Any payment to a pension, provident, savings or widows' and orphans' society, fund or scheme, except as permitted by the Joint Tax Board;
- (vii) The depreciation of any asset;
- (viii) Any sum reserved out of profits, except as permitted by the Revenue based on Section 20 (1e).



- (ix) Any expense of any description incurred within or outside Nigeria for the purpose of earning management fees unless prior approval of an agreement giving rise to such management fees has been obtained from the Minister; and
- (x) Any expense whatsoever incurred within or outside Nigeria as management fees under any agreement entered into except to the extent as the minister may allow.

**NOTE:**

Based on a recent judgement of the Court of Appeal (COA), technical and management services which are unregistered will no longer be illegal. The foregoing notwithstanding, such companies will not be able to access forex from the official market,

**MARKING GUIDE (Suggested solution to question 2)**

	<b>Mark</b>
(a) Heading	½
Basic salary	½
Transport allowance	½
Rent allowance	½
Utilities allowance	½

Medical allowance	½
Leave bonus allowance	½
Entertainment allowance	½
BIK (car)	½
BIK (generator)	½
Gross emoluments	1
Dividends (paid on 12/4/17)	½
Dividends (paid on 20/12/17)	½
Gross income	1
Less: Dividend	½
Net Gross income	½
Consolidated relief allowance	1
Life assurance relief	½
Pension scheme	½
Housing scheme	½
Chargeable income	1
Tax liability:	
First N300,000 @ 7%	½
Next N300,000 @ 11%	½
Next N500,000 @ 15%	½
Next N500,000 @ 19%	½
Next N1,532,316 @ 21%	½
Tax liability	<u>1</u>
	16

(b) 1 mark for each of non-allowable deductions subject

to maximum of 4 points

4

20

### SUGGESTED SOLUTION TO QUESTION 3

(a)(i) The objectives of withholding tax are to:

- Discourage, minimise or prevent incidence of tax evasion;
- Increase the tax net of the government;
- Serve as a veritable source of revenue to the government; and
- Serve as a collection mechanism for income tax.

- (a)(ii) The relevant tax authorities for the collection of withholding tax (WHT) are both the State Internal Revenue Service (SIRS) and the Federal Inland Revenue Service (FIRS).

While the SIRS collects withholding taxes due from individuals and unincorporated business entities residing in the state during a year of assessment, the FIRS collects withholding tax from amounts due to corporate bodies, military and police officers, staff of external affairs department. However, with effect from 2015, the FCT IRS is responsible for collecting withholding tax from non-residents and residents of Abuja.

In the case of savings interest, the relevant tax authority is the tax authority of the place where the branch of the bank paying the interest is located.

Therefore, the administration of withholding tax is within the purview of both the FIRS and the SIRS.

- (a)(iii) Each withholding tax cheque being paid to the Revenue must be accompanied with a payment schedule, which is a list of those who suffered the deductions that make up the cheque. **The payment schedule must contain the following particulars:**

- Name of the taxpayers who suffered the deductions;
- Their addresses;
- The nature of their activities/services and period covered;
- Their tax file numbers [now tax identification number (TIN)];
- The total amount payable;
- The rate of tax applied;
- The amount of tax withheld;
- The balance paid to the taxpayer;
- The tax contract for which returns were being made;
- The date of payment; and
- The cheque number and date.

- (b) (i) In the exercise of its functions, section 4 of the Act provides that, the NCS shall subject to approval by the **Customs Service Commission have the powers to:**

- Acquire, hold, purchase, mortgage and deal with property, whether movable or immovable, real or personal;

- Enter into contracts or incur obligations;
- Advise or develop regulations on the management and administration of customs and excise management;
- Issue operational guidelines for the efficient administration and operation of the provisions of this Act; and
- For the purpose of carrying out or enforcing the provisions of the customs and excise laws, all officers shall have the same powers, authorities and privileges as are given by law to police officers (section 5).

**(b) (ii) The functions of the Customs Service as provided for in Section 3 of the Act are to:**

- Administer, direct, manage and enforce the provisions of this Act and the customs and excise laws listed in the Third Schedule;
- Collect and account for revenue from customs duties, excise duties, other taxes, charges, fees and special assessments as may be assigned to it by the government from time to time;
- Administer any aspect of trade and fiscal policies that the government of the federation may mandate it to administer;
- Promote trade facilitation;
- Protect Nigeria against smuggling, customs fraud and all other violations of customs and excise laws and the laws of Nigeria subject to customs jurisdiction;
- Collaborate with the relevant agencies, carry out all border enforcement and regulatory activities required by law;
- Collate and publish in collaboration with relevant agencies accurate trade statistics;
- Engage in regular consultations with individual traders, trade associations and other relevant stakeholders; and
- Do all such things as are necessary for or incidental to the carrying out of its functions and duties under this Act and the laws of Nigeria subject to customs jurisdictions.

- (b) (iii) The person that fails to make the report as required shall be liable to a fine of ₦5,000,000. Any goods not duly reported may be detained by the proper officer until so reported or the omission is explained to the satisfaction of the Customs Service.

### MARKING GUIDE (Suggested solution to question 3)

	Mark	Mark
(a)(i) 1 mark for each objective of withholding tax in Nigeria subject to a maximum of 3 points		3
(a)(ii) 1 mark for FIRS and 1 mark for SIRS		2
(a)(iii) 1 mark for each content of WHT returns/payment schedule		

subject to a maximum of 5 points	<u>5</u>	10
(b)(i) 1 mark for each power of the Nigeria Customs Service subject to a maximum of 3 points	3	
(b)(ii) 1 mark for each function of the Nigeria Customs Service subject to a maximum of 5 points	5	
(b)(iii) 1 mark for fine of N5,000,000 and 1 mark for seizure of any goods not reported until so reported or the omission is explained to the satisfaction of the Customs Service	<u>2</u>	<u>10</u>
		<u>20</u>

#### SUGGESTED SOLUTION TO QUESTION 4

##### (a)Cookey Shipping Company Limited

##### Computation of total profit

For the year ended December 31, 2017

	N'000
Nigerian income (64.59% of N4,700,000)	3,035,730
Less: Capital allowance (5.95% of N4,700,000)	<u>279,650</u>
Total profit	<u><b>2,756,080</b></u>

## Workings

### (i) Computation of adjusted profit

	N'000	N'000
Net profit as per accounts		10,470,000
Add back: Disallowable expenses		
Depreciation	1,100,000	
General provision	300,000	
Other disallowable expenses	<u>80,000</u>	
		<u>1,480,000</u>
Adjusted profit		<u>11,950,000</u>

### (ii) Computation of adjusted profit ratio

$$\begin{aligned}\text{Adjusted profit ratio} &= \frac{\text{Adjusted profit}}{\text{Global income}} \times 100 \\ &= \frac{\text{N11,950,000,000}}{\text{N18,500,000,000}} \times 100 \\ &= \underline{\underline{64.59\%}}\end{aligned}$$

### (iii) Computation of depreciation ratio

$$\begin{aligned}\text{Depreciation ratio} &= \frac{\text{Global depreciation}}{\text{Global income}} \times 100 \\ &= \frac{\text{N1,100,000,000}}{\text{N18,500,000,000}} \times 100 \\ &= \underline{\underline{5.95\%}}\end{aligned}$$

### (b) Cookey Shipping Company Limited Computation of income tax liability



**For 2018 assessment year**

N'000

Total profit (b/f)	<u>2,756,080</u>
Companies income tax @ 30% of total profit	826,824.00
Tertiary education tax @ 2% of Nigerian income)	<u>60,714.60</u>
Total tax liability	<u><b>887,538.60</b></u>

(c) Tax provisions as regards the taxation of non-Nigerian companies engaged in shipping or air transport in Nigeria (Section 14 of Companies Income Tax Act 2004)

These are:

- (i) Foreign companies engaged in shipping or air transport businesses in Nigeria are assessable to tax in Nigeria, in respect of their income derived from loading of passengers, mails, livestock or goods into an aircraft or a ship in Nigeria;
- (ii) Incomes exempted are those in respect of passengers, mails, livestock or goods which are:
  - Loaded on routes outside Nigeria, but terminating in Nigeria; and
  - In transit in Nigeria, that is, brought to Nigeria for trans-shipment or connecting flight.
- (vi) Where the Revenue Board is satisfied that the taxation authority of any other country computes and assesses on a basis not materially different from that prescribed by this Act, the profit or loss of the company of that period shall be taken to be that proportion of the total sums receivable in respect of carriage of passengers, mails, livestock or goods shipped or loaded in Nigeria; and
- (vii) Where at the time of assessment, the provision in (iii) above cannot for any reason be satisfactorily applied, the profits to be deemed to be derived from Nigeria may be computed on a fair percentage of the full sum receivable in respect of carriage of passengers, mails, livestock or goods shipped or loaded in Nigeria.

**MARKING GUIDE (Suggested solution to question 4)**

	Marks	Marks
(a) Heading	½	
Nigerian income	1	
Capital allowance	1	
Total profit	1 ½	
Net profit as per account	1	

	Depreciation	1	
	General provision	1	
	Other disallowable expenses	1	
	Adjusted profit	1	
	Adjusted profit ratio	1	
	Depreciation ratio	<u>1</u>	11
(b)	Companies income tax	1	
	Tertiary education tax	1	
	Total tax liability	<u>1</u>	3
(c)	2 marks for each correct explanation on tax provisions as regards the taxation of non-Nigerian companies engaged in shipping or transport businesses in Nigeria subject to 3 points		<u>6</u>
			<u>20</u>

## SUGGESTED SOLUTION TO QUESTION 5

(a):(i) **Settlement:** A settlement is a means by which enjoyment of an estate, or part of it is transferred to another person, either through a disposition, trust, covenant, agreement, arrangement or transition of assets by reference to a trust, for the benefit of persons specified.

(ii) **Estate:** An estate is the total of the properties of a person and is commonly used in executorships. It also means the property of a deceased person. This includes money, goods and property of any kind.

- (iii) **Intestate:** When a person dies and leaves no valid Will or leaves a Will but has not disposed off all his property by the Will, he is said to have died intestate.

(b) (i) **Estate of Uche Kokumo**  
**Computation of tax payable in the hands of the trustee**  
**For 2017 assessment year**

	₦	₦
Adjusted profit		23,720,000
Less: Capital allowances		<u>3,600,000</u>
		20,120,000
Less: Other expenses:		
Interest on debt repayment	255,000	
Fixed annuity (Sunny)	700,000	
Trustee remuneration (fixed)	500,000	
Allowable expenses	1,120,000	
Trustee remuneration (variable)	<u>173,713</u>	
(1/101 x ₦17,545,000)		
		<u>2,748,713</u>
Computed income		17,371,287
Less: Discretionary payments:		
Sunny	660,000	
Gbengulo	680,000	
Kemmy	650,000	
Funmmy	<u>560,000</u>	
		<u>2,550,000</u>
Income available for distribution		14,821,287
Less: Distribution		
Sunny (1/5 x ₦14,821,287)	2,964,257.40	
Gbengulo (1/5 x ₦14,821,287)	2,964,257.40	
Kemmy (1/5 x ₦14,821,287)	2,964,257.40	

Funmmy (1/5 x ₦14,821,287)	<u>2,964,257.40</u>	
		<u>11,857,029.60</u>
Income chargeable in the hands of the trustee		<u>2,964,257.40</u>

Determination of tax payable	₦	K
First ₦300,000 @ 7%		21,000.00
Next ₦300,000 @ 11%		33,000.00
Next ₦500,000 @ 15%		75,000.00
Next ₦500,000 @ 19%		95,000.00
Next ₦1,364,257.40 @ 21%		<u>286,494.05</u>
		<u>510,494.05</u>

(b)(ii) The income of the estate chargeable to tax in the hands of each of the children.

	Sunny	Gbengulo	Kemmy	Funmmy	Total	₦
	₦	₦	₦	₦		
Share of distributable						
Income	2,964,257.40	2,964,257.40	2,964,257.40	2,964,257.40	11,857,029.60	
Fixed annuity	700,000	-	-	-	700,000	
Discretionary						
<u>Payment</u>	<u>660,000</u>	<u>680,000</u>	<u>650,000</u>	<u>560,000</u>	<u>2,550,000</u>	
	<u>4,324,257.40</u>	<u>3,644,257.40</u>	<u>3,614,257.40</u>	<u>3,524,257.40</u>	<u>15,107,029.60</u>	

### MARKING GUIDE (Suggested solution to question 5)

		Marks	Marks
(a)	Correct explanation of settlement	1	
	Correct explanation of estate	1	
	Correct explanation of In testate	1	

Heading		1/2	
Adjusted profit		1/3	
Capital allowances		1/3	
Interest on debt repayment		1/3	
Fixed annuity (Sunny)		1/3	
Trustee remuneration (fixed)		1/3	
Allowable expenses		1/3	
Trustee remuneration (variable)		1/3	
Computed income		1	
Discretionary payments:			
Sunny		1/3	
Gbengulo		1/3	
Kemmy		1/3	
Funmmy		1/3	
Income available for distribution:		1/2	
Sunny		1/3	
Gbengulo		1/3	
Kemmy		1/3	
Funmmy		1/3	
Income chargeable in the hands of the trustee		1	
Determination of tax payable:			
First <del>N</del> 300,000 @ 7% =	<del>N</del> 21,000	1/3	
Next <del>N</del> 300,000 @ 11% =	<del>N</del> 33,000	1/3	
Next <del>N</del> 500,000 @ 15% =	<del>N</del> 75,000	1/3	
Next <del>N</del> 500,000 @ 19% =	<del>N</del> 95,000	1/3	
Next <del>N</del> 1,364,257.40 @ 21% =	<del>N</del> 286,494.05	1/3	
Total tax payable		<u>1/3</u>	<u>13</u>
(b) Heading		1/2	
Share of distributable profit:			
Sunny		1/2	

Gbengulo	$\frac{1}{2}$	
Kemmy	$\frac{1}{2}$	
Funmmy	$\frac{1}{2}$	
Fixed annuity (Sunny)	$\frac{1}{2}$	
Discretionary payment		
Sunny	$\frac{1}{2}$	
Gbengulo	$\frac{1}{2}$	
Kemmy	$\frac{1}{2}$	
Funmmy	$\frac{1}{2}$	
Total income in the hands of each of the children		
Sunny	$\frac{1}{2}$	
Gbengulo	$\frac{1}{2}$	
Kemmy	$\frac{1}{2}$	
Funmmy	<u><math>\frac{1}{2}</math></u>	<u>7</u>
		<u><u>20</u></u>

## SUGGESTED SOLUTION TO QUESTION 6

(a) **Olabisi, Oworu and Babatolu (Partners)**  
**Computation of distributable profit**  
**For the year ended December 31, 2017**

	₦	₦
Net profit as per accounts		5,470,000
Add back: Disallowable expenses		
Depreciation	192,000	
General provision for bad debts	365,000	
Purchase of equipment	750,000	
Miscellaneous expenses (Olabisi)	<u>75,000</u>	
		<u>1,382,000</u>
Assessable profit		4,088,000
Less: Capital allowance		<u>628,000</u>
<b>Distributable profit</b>		<b><u>3,460,000</u></b>

(b) **Computation of partners' income**

	Olabisi	Oworu	Babatolu	Total
	₦	₦	₦	₦
Share of profit (2:1:1)	1,730,000	865,000	865,000	3,460,000
Interest on capital	250,000	125,000	125,000	500,000
Passages & leave allow.	60,000	50,000	40,000	150,000
Partners' salaries	1,200,000	1,000,000	1,000,000	3,200,000
Interest on loans	<u>35,000</u>	<u>-</u>	<u>-</u>	<u>-</u>
	<b><u>3,275,000</u></b>	<b><u>2,040,000</u></b>	<b><u>2,030,000</u></b>	<b><u>7,310,000</u></b>



### Determination of tax liability

	Olabisi	Oworu	Babatolu
	₦	₦	₦
Gross income	3,275,000	2,040,000	2,030,000
Less: Consolidated relief allow.			
(N200,000 + 20% of gross income (855,000))		(608,000)	(606,000)
Tax exempt (National pension)	<u>(600,000)</u>	<u>(450,000)</u>	<u>(350,000)</u>
Chargeable income	1,820,000	982,000	1,074,000
First N300,000 @ 7%	21,000	21,000	21,000
Next N300,000 @ 11%	33,000	33,000	33,000
Next N382,000 @ 15%		57,300	
Next N474,000 @ 15%			71,100
Next N500,000 @ 15%	75,000		
Next N500,000 @ 19%	95,000		
Next N220,000 @ 21%	<u>46,200</u>	<u>          </u>	<u>          </u>
	<b><u>270,200</u></b>	<b><u>111,300</u></b>	<b><u>125,100</u></b>

## MARKING GUIDE (Suggested solution to question 6)

		<b>Marks Marks</b>	
(a)	Heading	1/2	
	Net profit as per accounts	1/2	
	Depreciation	1/2	
	General provision for bad debt	1/2	
	Purchase of equipment	1/2	
	Miscellaneous expenses	1/2	
	Assessable profit	1/2	
	Capital allowance	1/2	
	Distributable profit	<u>1</u>	5
(b)	Heading	1/3	
	Share of profit:		
	Olabisi	1/3	
	Oworu	1/3	
	Babatolu	1/3	
	Total	1/3	
	Interest on capital:		
	Olabisi	1/3	
	Oworu	1/3	
	Babatolu	1/3	
	Total	1/3	
	Passages & leave allowance:		
	Olabisi	1/3	
	Oworu	1/3	

Babatolu	1/3
Total	1/3
Partners' salaries:	
Olabisi	1/3
Oworu	1/3
Babatolu	1/3
Total	1/3
Interest on loans (Olabisi)	1/3
Total:	
Olabisi	1/3
Oworu	1/3
Babatolu	1/3
Total	1/3
Determination of tax liability:	
Consolidated relief	
Olabisi	1/3
Oworu	1/3
Babatolu	1/3
Tax exempt	
Olabisi	1/3
Oworu	1/3
Babatolu	1/3
Chargeable income:	
Olabisi	1/3
Oworu	1/3

Babatolu	1/3	
First <del>N</del> 300,000 @ 7%:		
Olabisi	1/3	
Oworu	1/3	
Babatolu	1/3	
Next <del>N</del> 300,000 @ 11%:		
Olabisi	1/3	
Oworu	1/3	
Babatolu	1/3	
Next <del>N</del> 382,000 @ 15% (Oworu)	1/3	
Next <del>N</del> 474,000 @ 15% (Babatolu)	1/3	
Next <del>N</del> 500,000 @ 15% (Olabisi)	1/3	
Next <del>N</del> 500,000 @ 19% (Olabisi)	1/3	
Next <del>N</del> 220,000 @ 19% (Olabisi)	1/3	
Total:		
Olabisi	1/3	
Oworu	1/3	
Babatolu	<u>1/3</u>	<u>15</u>
		<u>20</u>