

THE UNIVERSITY OF ZAMBIA
UNIVERSITY EXAMINATIONS - 2007/08
SECOND SEMESTER
SCHOOL OF LAW

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SHORT LOAN COLLECTION

THE UNIVERSITY OF ZAMBIA

2007 – 2008 ACADEMIC YEAR

SECOND SEMESTER

L262, FAMILY LAW FINAL EXAMINATIONS

INSTRUCTIONS: There are seven questions in this paper. Every candidate must answer question one as it is compulsory. This question carries 18 marks. The candidate is also required to answer three other questions from the remaining six, each of which carries 14 marks.

Candidates may bring with them clean and unmarked copies of the Marriage Act, Cap 50 and the Matrimonial Causes Act, No. 20 of 2007.

TIME: THREE HOURS [Plus 5 minutes to read the questions]

QUESTION ONE (A Compulsory question)

Chadwich Zulu and Mary Bwalya contracted a Civil Marriage in 1999 in Lusaka, Zambia and have two children. Both parties to the marriage are Zambian citizens and are domiciled in Zambia. In November, 2007, Mary filed a petition for divorce against Chadwich on the ground of adultery with Susan Wilkinson. The divorce proceedings are continuing in the Lusaka High Court.

Before the divorce proceedings are concluded Mary would like to apply to Court for a maintenance order for her own subsistence, and that of the two children, as she is not in employment. In the event of obtaining a decree absolute, Mary also intends to apply for an order that Chadwick should transfer to her ownership of his smaller Mercedes Benz Car, S.280. Chadwick has two other vehicles, a bigger Mercedes Benz Car, S.320 and a Mazda Vannette pick-up. The matrimonial home was bought by Chadwick alone. Assuming that you are Mary's Counsel.

- (a) Under what Zambian law would you apply for Mary's maintenance order pending the divorce proceedings? Explain the meaning of this law that you have quoted.

- (b) Under what law would you apply for a Court order for the transfer of Chadwick's smaller Mercedes Benz car to Mary? Explain the law you would use.
- (c) During the divorce proceedings, has Mary any right to continue living in the matrimonial home? What about after the Decree Absolute has been made?
- (d) Cite one or more authorities in support of your answer.

QUESTION TWO (Answer both questions 2(a) and 2(b))

- (a) Define a voidable marriage, and give two factors that may render a marriage to be voidable. Explain each factor.
- (b) Explain the legitimacy status of children born in a voidable marriage, and cite any judicial precedent in which the application was for the nullification of a voidable marriage

QUESTION THREE

- (a) Explain any three factors which the Court takes into consideration when making a Custody Order.
- (b) Point out any three legal effects of adoption of a child.

QUESTION FOUR

All children in the world have many basic rights. These rights are spelt out both in the Zambia statutes, such as the Legitimacy Act, Marriage Act, Cap 50 and the Matrimonial Causes Act, No. 20 of 2007. The United Nations Convention on the rights of the child, 1989 also confers rights on the child.

Indicate any three rights that a child may demand from his/her parents, and any two rights he/she may demand from his government (the state). Explain the rights you mention. No right should be mentioned more than once.

QUESTION FIVE

- 1
 - (a) Compare a common law marriage in England with an ordinary statutory marriage. Indicate two differences between these two types of marriage. Then mention and explain one similarity.
 - (b) Cite one English case and one Zambian case where the question of common law marriage was discussed.

QUESTION SIX

Write brief notes on any two of the following three topics;

- (a) The value of consortium in a civil marriage.
- (b) The nature and effects of a judicial separation.
- (c) Section 5 of the Intestate Succession Act, Cap 59.

QUESTION SEVEN

Explain the role, if any, of the Administrator-General in relation to the operations of the Intestate Succession Act, Cap 59 and the Wills and Administration of Testate Estates Act, Cap 60.

END OF EXAMINATION

**UNIVERSITY OF ZAMBIA
SCHOOL OF LAW**

2007/2008 SEMESTER 2 FINAL EXAMINATIONS

19TH FEBRUARY 2008

L352 – NATIONAL HUMAN RIGHTS LAW

Instructions

Attempt any FOUR questions.

Each question carries 15 marks

The following document may be consulted: The Bill of Rights (Part III of the Constitution)

Time allowed: Three Hours plus five (5) minutes in which to read the paper.

1. Critically discuss the functions and powers of the Zambian Human Rights Commission, supporting your answer with examples.
2. “Zambia has a severely limited Bill of Rights. Two reasons account for this: the genesis of the Bill, and the conservative formulation of the rights in the Bill”. Discuss, illustrating your answer with examples.
3. Consider the merits and demerits of: (i) such control as there exists of a declaration of a state of emergency in Zambia; (ii) the concept of ‘preventive state of emergency’ captured in Article 31 of the Constitution.
4. (a) Consider the value, if any, of the Directive Principles of State Policy in Part IX of the Constitution.

(b) ‘In the event of ambiguity in a human rights provision, the court should adopt the interpretation that is in *favorem libertatis*’. Comment.
5. “Every citizen shall have the right and the opportunity... (a) to take part in the conduct of public affairs, directly or through freely chosen representatives; (b) to vote and to be elected at genuine periodic

elections which shall be by universal and equal suffrage and shall be held by secret ballot, guaranteeing the free expression of the will of the electors". (ICCPR, Article 25). Show the extent to which the Electoral Commission in Zambia contributes to ensuring the enjoyment of these critical human rights.

6. Mr. Banda marries Miss Kabulonga. He wishes to take his wife's surname so that they would then be known as Mr. and Mrs. Kabulonga. But to do so Mr. Banda would have to comply with certain formalities prescribed by a recently enacted Act of Parliament. The statute makes the prescribed formalities mandatory for any husband who wishes to take his wife's surname. By contrast, a woman on marriage may keep her surname, or alternatively she may elect, if she so wishes, to take her husband's surname. In making that election she is not obliged to comply with any formalities. Mr. Banda is unhappy with this law. He applies to the High Court to declare the Act of Parliament in question unconstitutional. He also requests that he be allowed to take his wife's surname without the need to comply with any formalities. The nub of his case is that the impugned statute infringes his right under the Constitution to equality before the law and to freedom from discrimination on the grounds of sex. The High Court dismisses the application. Mr. Banda gives notice of appeal to the Supreme Court.

He now consults you. He says he is not happy with the way his lawyer argued his case before the High Court and that he does not know exactly why the Court dismissed his case. He wants you to take up the matter and argue the appeal in the Supreme Court. However, he would first of all want to know from you: (i) the reason why the High Court dismissed his application, and (ii) how the Supreme Court is likely to interpret Article 23 of the Constitution which gives protection from discrimination. Advise Mr. Banda on these two points.

7. In *Fred M'membe & 3 Ors v. The People* (1996) the indictment alleged defamation of President contrary to s. 69 of the Penal Code. The prosecution's case was that the appellants published in *the Post* newspaper defamatory or insulting matters concerning the President of the Republic with intent to bring him into hatred, ridicule or contempt. At the trial in the Magistrate's Court appellants challenged the constitutionality of s. 69 arguing that it was in conflict with Articles 20 and 23 of the Constitution. The Magistrate's Court referred this constitutional issue to the High Court for determination. Justice Chitengi in the High Court ruled against the appellants. He held that freedom of expression is not absolute but subject to derogations and that s. 69 is reasonably required for the sake of public order. He also held that appellants had not shown (i) that their fundamental right to freedom of expression had been contravened and (ii) that s. 69 is not reasonably justified in a democratic society. Regarding the issue

whether s. 69 of the Penal Code conflicts with Article 23 of the Constitution in that it is discriminatory in its effect the Judge held that matters enumerated in clause 3 of Article 23 are exhaustive and not illustrative and that therefore s. 69 is not in conflict with Article 23. On appeal, the Supreme Court agreed with the High Court, dismissed the appeal and ordered the trial in the Magistrate's Court to proceed.

- (i) Consider the tenor of Article 20 of the Constitution.
- (ii) Who bears the burden of proof under the permissible restrictions in Article 20 (3)?
- (iii) Comment on the following statement of Ngulube CJ (as he then was) in reply to appellants' arguments that criminal libel is dated and has no place in an open and democratic society and that s. 69 violates the principle of equality before the law:

"It was also attempted [by counsel for the appellants] to reduce to the common ranks the central executive authority and first citizen of the country. The election of any person to the office of President, I would have thought to be self-evident, has legal and constitutional consequences, quite apart from any other result. The Constitution itself ordains that he becomes Head of State and of Government, that the executive power of the state vests in him and that he be endowed with the various matters, powers and functions described in the Constitution. I do not see how it can be argued that the President should stand before the law equally with the rest of us when, for example, Article 43 grants him immunity from civil and criminal suits while he occupies that high office. If the Constitution itself makes the President not equal to everyone else, how can the accused's arguments be maintainable?"

END OF EXAMINATION

The University of Zambia

School of Law

2007/2008 Semester 2 Final Examinations

February 2008

Industrial Law- L382

Instructions

1. Maximum time allowed is three (3) hours plus five (5) minutes to read through the paper.
 2. Answer four (4) questions, two (2) from each part, inclusive question one (1) which is compulsory and carries 22 marks.
 3. The rest of questions carry 16 marks each and the total marks for the entire examination is 60.
 4. Clean copies of the Employment Act, the Industrial and Labour Relations Act, the Workman's Compensation Act, the Factories Act and the Minimum Wages and Conditions of Employment Statutory Instruments No. 56 and 57 of 2006 are allowed into the Examination Hall.
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PART 1

Question One

Mr Peter Zimba is a successful entrepreneur. He owns a huge carpentry workshop under which he produces a lot of different quality carpentry products. The business operates under the name of Chitukuko Enterprises and employs 18 workers. The workers are employed under oral contracts but Peter keeps a record of the terms of each of the employees.

Sadly Peter dies in a road traffic accident. His wife Thokozire who is appointed administrator of Peter's estate takes over the running of the business. The very first thing that Thokozire does is to incorporate the business into a limited liability company. She argues that she does not want to mix her personal life with business and also that a limited liability company would afford her an opportunity to seek equity injection into the business.

Thokozire is a hard worker and personally supervises the workers. No one knocks off until the assigned work is completed and overtime is withdrawn for any work done after hours and holidays. Thokozire also withdraws the payment of commission to employees when they exceed their production targets, arguing that the cost of doing business has increased as she now has to pay corporation tax.

The workers are not happy with the new working conditions and they approach Thokozire to express their unhappiness. Thokozire tells the workers that they are just a lazy and insolent lot. She says that there are a million other people on the streets of Lusaka who would jump at an opportunity of taking up their jobs at less than half the conditions "*you chaps are working under*".

Thokozire decides that she would dismiss all the employees forthwith. Advise her fully on all her legal obligations and rights in respect of the conduct of the business and the relationship with the employees.

22 Marks

Question Two

Capital Bank (Zambia) Limited is a Zambian subsidiary of the London based Capital Bank International. In January 2007, Capital Bank International effected several policy changes in order to comply with demands for the effective fight against international terrorism.

One of these policy changes was that Capital Bank International would no longer employ nationals other than those of the United Kingdom and the countries in which the bank has subsidiaries.

As a result of the policy change aforesaid, Capital Bank (Zambia) Limited terminates the contract of Ijesh Patel, an Indian national for reason that Capital Bank International has no branch in India.

Ijesh has a valid employment permit to work in Zambia and has been in the employ of Capital Bank (Zambia) Limited as the Bank Staff Training Officer for 7 years. The Bank staff Training Department has in addition to Ijesh, two other employees who are Zambian.

Immediately after coming into place of the policy above mentioned, Capital Bank (Zambia) Limited, closes the Bank Staff Training Department and the functionaries of training together with the two Zambian staff are transferred to the Human Resources Department. One other Zambian national is employed in order to ensure that staff training at the bank is not affected by the departure of Ijesh.

In the letter of termination to Ijesh, Capital Bank (Zambia) Limited states that Ijesh's contract was being terminated not only because of the policy change of the holding bank but also because the department under which he was working was no longer in existence.

You have been approached by Ijesh for your advice on his predicament. Using all the appropriate statutory and case law authorities, advise Ijesh with respect to the following:

- (a) the legality or otherwise of the actions taken by Capital Bank (Zambia) Limited against him;
- (b) what cause of action he has against the Capital Bank (Zambia) Limited, if any;
- (c) What remedies he would be entitled to, if any; and
- (d) What the appropriate forum is, if he decides to issue process.

16 Marks

Question Three

Kazembe Kasanda is a USA trained professor of electrical engineering. He is employed by the University of Zambia under a four (4) years fixed term contract to teach electrical engineering courses.

Professor Kasanda uses most of his spare time to do research in the University engineering laboratory. His persistent hard work pays off when Professor Kasanda invents an electricity producing device. The device uses grass to produce enough electricity for domestic use.

Professor Kasanda patents the invention in his name. The device proves to be popular in a country where the price and reliability of electricity supplied by a monopoly public utility company is unbearable. Professor makes quite a lot of money from the sale of the device.

When the University authorities discover what Professor Kasanda had been up to, they decide to immediately dismiss him for misconduct by patenting in his name and selling the device which is otherwise the property of the University.

Before the University communicates its decision to Professor Kasanda, it approaches a law firm at which you are doing your attachment.

Write a short legal opinion for your principal in preparation for a meeting he is scheduled to have with the senate of the University to advise them on the legality of their decision.

16 Marks

Question 4

Chitukuko Construction Company Limited has been engaged by Chinkhwa Bakery, the biggest bakery in Lusaka to re-surface its parking lot. Chitukuko Construction Company Limited subcontracts to the Kanyama Catholic Church Youth Group the responsibility of watering the parking lot after the resurfacing so that it can dry up properly.

One day, while the youths were sheltering from rains in the reception of the bakery, the concrete roof ceiling came down seriously injuring one of the members of the youth group by the name Likando. The doctor diagnoses Likando with a permanent brain damage.

When Likando's aunt approaches the proprietor of the bakery to demand for compensation, she is told that he had no contract the youth group and as such the bakery could not be held liable for the injury.

When she approaches Chitukuko Construction Company Limited, she is told that the youth group was an independent contractor and as such Chitukuko Construction Company Limited could not be held liable. Fully advise Likando's aunt.

16 Marks

PART 2

Question 5

The Employment (Special Provisions) Regulations of 1975 which were in force in Zambia during the state of emergency period which ended with the 1991 return of the country to multi party provided:

*"4.(1) No person shall dismiss or otherwise terminate the employment of any employee, irrespective of whether previous notice of such dismissal or termination has been given to the employee or not, unless
(a) approval of the proper officer in writing has been given to such dismissal or termination..."*

1. What would be the effect of an employer's failure to comply with a statutory provision couched as above in terminating the services of an employee;
2. The Supreme Court in the cases of *Rainward Mubanga vs Zambia Tanzania Road Services Limited* and *Jameson Mundomwe Hapeeza vs Zambia Oxygen Limited* dealt with facts where employers dismissed employees in contravention of Regulation 4(1) above cited. In the *Mubanga* case, the

Supreme Court held that the dismissal was null and void, while in the *Hapeeza* case the Supreme Court held that the dismissal was valid.

Explain the apparent 'contradiction' of the two decisions.

16 Marks

Question 6

The theories of industrial relations attempt to explain their own models and understanding of what industrial relations are and what roles the parties should play. Briefly describe three of the theories of industrial relations and discuss the relevance of all or any of the theories to the Zambian industrial relations system.

Question 7

Question 7 has two separate questions; answer either 8(1) or 8 (2):

7(1) Answer both (a) and (b) below:

- (a) What is the juristic status of a trade union in Zambia?
- (b) Is it legally and practically possible for workers to proceed on a legal strike in Zambia?

16 Marks

Or

7(2) Briefly define each of the following terms:

- (a) Unlawful dismissal;
- (b) Wrongful dismissal;
- (c) Unfair dismissal;
- (d) Constructive dismissal;
- (e) Redundancy;
- (f) Summarily dismissal;

16 Marks

End of Examination

**THE UNIVERSITY OF ZAMBIA
SCHOOL OF LAW
SEMESTER II
FINAL EXAMINATION

L422 COMPANY LAW**

Date: 27th February 2008

Time; 3 hours Plus 5 Minutes to read the question paper

Instructions Answer any 4 Questions

Each Question Carries 15 marks

You may refer to the Companies Act Cap 388

Question 1. Munalo applied for shares in **Unzalaw Cooperative Society Limited** thus:

“ Please may I be allotted 100 shares in Unzalaw Cooperative Society Limited. I hereby agree to accept such shares in accordance with the provisions of the articles of association of the Company and I authorize you to place my name upon the Register of members in respect of the shares so allotted’

An allotment has been made to Munalo and his name placed onto the Register of Members.

Discuss the effect of allotment and registration

[15 marks]

Question 2 **In Eley V Positive Government Security Life**

Assurance Co Ltd (1876) I Ex D 88 the Plaintiff who was a share holder and was also a solicitor to the company, brought an action for breach of contract when the company ceased to employ him. The action failed. LORD CAIRNS held that

Articles of Association, as is well knownare an agreementwhich binds the members *Inter se*.....

Discuss the effect of articles of association on members, directors and outsiders, and the reason why *Eley's* action failed

[15 marks]

Question 3. **In Tawnap Textiles Zambia Ltd and Cchaganial Distributors Ltd v Tata Zambia Ltd (1988 – 1989) ZR 93** the court held that where a petitioner is effectively prevented from taking part in the management of the affairs of the company through representation on the board of directors contrary to the spirit of the joint ventures between the parties, the company could be wound up on “just and equitable grounds”

Discuss grounds for winding up of a company, with emphasis on the “just and equitable clause” under Section 272 of Cap 388, The Companies Act

[15 marks]

Question 4. In **Derry v Peek (1889) 14 App Cas 337** the facts were as follows:

A Special Act incorporating a tramway company provided that carriages might be moved by animal power and with the consent of the Board of Trade, by steam power. The directors issued a prospectus containing a statement that by a Special Act of Parliament the company had the right to use steam power instead of horses. The Plaintiff took shares on the faith of the statement. The Board of Trade afterwards, refused their consent to the use of steam power and the company was wound up. The Plaintiff brought an action of deceit against the directors founded upon the false statement, and it was held that the defendants were not liable, on the ground that the Statement as to

steam power had been made by them in the honest
belief (albeit careless) that it was true

**Discuss the liability of the promoters for misleading statements
in a prospectus [15 marks]**

Question 5 . The ruling in **Foss v Harbottle (1843) 2 Ha 461** is that

“If a wrong to a company is alleged or if there is an alleged
irregularity in its internal mismanagement which is capable of
confirmation by a simple majority of the members the court will
not interfere at the suit of the minority of the members” **per
Charlesworth and Morse on Company Law 16th ed p. 302.**

**Discuss the rule in *Forss v Harbottle* with respect to majority rule and
minority protection principles {15 Marks}**

Question 6. “Debentures and Debentures stock are often secured by a
trust or covering deed, conveying property of the company
to trustees in favor of the debenture holders, charging other
property and containing a number of ancillary provisions

regulating the respective rights of the company and the debenture holders “

**Palmers Company Law 22nd ed by C.M Schmitthoff
p.466-7**

Discuss in brief the usual contents of a trust deed, stating the advantages of each. [15 marks]

Question 7

Compare and contrast the functions and the liabilities of a liquidator and a receiver, illustrating your answer with case Law
[15 marks]

END

UNIVERSITY OF ZAMBIA

SCHOOL OF LAW

SECOND SEMESTER EXAMINATION, JANUARY 2008

L452 – INTERNATIONAL INVESTMENT LAW

INSTRUCTIONS

1. TIME: THREE (3) HOURS PLUS FIVE (5) MINUTES TO READ THROUGH THE PAPER
2. NO STATUTES ARE PERMITTED IN THE EXAMINATION ROOM
3. ANSWER QUESTION ONE AND THREE OTHERS

QUESTION ONE

You work as a Treasury Counsel in the Ministry of Finance and National Planning, and your work involves providing legal advice to Ministry officials and policy makers on both local and international financial issues. You have been requested to provide a brief on the International Monetary Fund (IMF) to a Mr. Manzi, who has just been appointed as the Minister of Finance and does not have any idea of what the IMF is all about, but he has been informed that IMF is crucial to his job.

- (a) Explain to the Minister the origins and purposes of the International Monetary Fund.

[12 Marks]

- (b) Explain to the Minister how the International Monetary Fund serves its member countries such as Zambia.

[10 Marks]

- (c) Explain to the Minister the five International Monetary Fund lending facilities that it provides to its members such as Zambia.

[10 Marks]

- (d) What conditionalities does the International Monetary Fund attach to its lending to members and what impact, if any, do they have on social sectors such as education.

[8 Marks]

QUESTION TWO

Ruritania is a country located in Sub-Saharan Africa. For the last thirty years since it obtained its independence from the British it has been running an economy in which the Government through public entities or corporations control almost all the sectors of the economy. The private sector only plays a small role in the running of the economy as its entry is restricted and heavily regulated. Besides the public corporations have been given a monopoly by the Government in all the sectors they operate.

Ruritania which is now concerned with the inefficiency and poorly delivery of services of most of these public entities as well as the cost of running them as they heavily rely on Government subsidies for their continued operation and survival has decided to privatise some of these public entities. Ruritania, therefore, decides to approach you for legal advice on the various modes that it should employ in privatising its public entities.

Please advise Ruritania on at least five modes or methods of privatisation and give Advantages and Disadvantages of each mode.

[20 Marks]

QUESTION THREE

You are an investment legal expert working in the firm of Investment Solutions Limited. You have been approached by an investor by the name Hung Lee of Chinese origin who represents a Chinese Conglomerate that is interested in investing in the mining sector of Zambia. Mr. Hung Lee is not very sure of whether to initiate the investment through portfolio investment or direct investment. Besides he does not really understand the difference between the two.

- (a) Explain to Mr. Hung Lee the difference between the portfolio investment and direct investment and give the advantages and disadvantages of each.

[12 Marks]

- (b) Prepare a brief to Mr. Hung Lee on the legal framework for investing in portfolio investment in Zambia.

[8 Marks]

QUESTION FOUR

You are a legal expert in the field of international investment law at University of Lusaka. You have been requested to go and present a paper to the World Investment Forum on the legal protection of foreign investment in host countries, a topic of crucial importance to most of foreign investors who are planning to come and invest in developing countries such as Zambia.

- (a) Explain to the conference participants different ways or means a host country can use to interfere with foreign investment.

[10 Marks]

- (b) Explain to the conference participants the legal mechanisms that the foreign investor can employ to prevent or at least minimize interference in its investment by the host country.

[10 Marks]

QUESTION FIVE

“One of the fundamental purposes of the investment law and related legislation is to create a legal framework that will maximize those potential benefits and minimize the potential costs to the host country. To put the matter in another way, the investment law structures the bargain between the host country and the foreign investor with respect to sharing benefits and costs of foreign investment”.

Discuss the four major issues that are normally dealt with by the investment laws, and how adequately the Zambia Development Agency Act No. 11 of 2006 has attempted to deal with the said four issues.

[20 Marks]

QUESTION SIX

Critically discuss the World Bank's justification for attracting conditionalities to their lending policies. Do you think there is any legal basis and moral justification on the imposition of conditionalities on borrower countries?

[20 Marks]

QUESTION SEVEN

- (a) Why do Governments in developing countries seek for foreign direct investment and what can the law do in order to attract it?

[13 Marks]

- (b) Foreign investment raises a number of concerns on the host country's nationals. Explain at least two of these concerns and how they can be addressed.

[7 Marks]

THE UNIVERSITY OF ZAMBIA
SCHOOL OF LAW
2007/8 SECOND SEMESTER FINAL EXAMINATIONS
26th FEBRUARY 2008
L 492 – TAXATION

INSTRUCTIONS

- 1. Answer Question One and any three other questions.**
 - 2. Time: three (3) hours plus five (5) minutes in which to read the question paper.**
 - 3. Question one carries 40% of the total mark while the other questions carry 30% each.**
 - 4. Candidates may consult the Income Tax Act, CAP 323 of the Laws of Zambia.**
-

1. Aqua Minerals Ltd, is one of the four subsidiary companies owned by Serenje Gemstones Limited and is listed on the Lusaka Stock Exchange. Serenje Gemstones holds a controlling share of 10,000,000 shares in Aqua Minerals at a par value of K2,000 per share. The other shareholder is Chief Kakomba welala with 2,000,000 shares.

In October of the year 2007, Aqua Minerals declared a dividend of K200 per share. In December of the same year Serenje Gemstones also declared a total dividend of K12 million.

Determine the tax obligations involved in these transactions.

2. Simcard Mwale, a Zambian and his South African girlfriend Dudu Kumalo are both students at ZIALE. In order to supplement their incomes they found part time jobs as Library Assistants at the South African High Commission in Lusaka at a monthly pay of K1,200,000 each. Dudu is the niece of the South African High Commissioner to Zambia.

The two started working at the High Commission in September 2007 and stopped work on 31st January 2008 due to the forth coming Law Practice Qualifying Examinations scheduled for March/April 2008.

The Accountant at the South African High Commission is not familiar with Zambian income tax law and is not sure whether he should deduct tax from the two students. Simcard is a close friend of yours and has informed the Accountant that you are a law student studying tax law at UNZA and the Accountant has retained you to advise on the tax liability of the two students, if any.

If the two are liable to tax determine the tax payable.

3. Kazhila Farms Limited has a Fuso truck that has been in use for transporting beans from Mwinilunga to Lusaka for the last nine years. The vehicle has now reached its useful life. You have been informed that the salvage value of the truck is K3,000,000 as at the end of the year 2007. At the end of the same year Kazhila Farms made a gross profit of K27,400,000 while business expenses amounted to K30 million. On 31st December, 2007 the Fuso truck was sold for K6,000,000.

The company wishes to be advised of its tax liability if any.

4. Muzadya Muzalema Fast Foods Limited is in the food business. In the year 2001 it supplied the Zambia national Women's Football team with food during its training in camp for seven days at a cost of K22 million. The ever-broke Football Association of Zambia (FAZ) has been failing to pay this debt since then such that in fiscal year 2006 after five years, Muzadya Muzalema Fast Foods wrote it off as a bad debt.

On 10th December, 2007 the Company's Chief Executive, Tionenji Mwape announced that for the 2007 financial year, the company had made a gross profit of K150 million but its expenses amounted to K162 million. On 15th December 2007, to everyone's shock, FAZ paid off the K22 million which had been written off as a bad debt last.

Advise Muzadya Muzalema on its tax liability if any.

5. mwenda Chilekwa, his spouse tombi and their two friends from the UNZA Law School days in the class of 2002, Hamoba and Lubinda Chilyelyelye are in partnership in a law practice under the name and style Blind Royal Chambers. Their interest in the partnership is based on a formula of 1:2:3:4. All four partners have been blind from childhood.

At the end of fiscal year 2007, they made a gross profit of K73 million. You have been informed that their total business expenses amounted to K23 million.

Determine the tax due from each one.

6. ZamWater Limited was a successful mineral water business run by Jason Sangwapo, his spouse and their seven sons in Kanyama. In August 1998 they listed their company on the Lusaka Stock Exchange. Due to a serious underground water pollution which occurred after the floods of 2005 the

company lost business. In September 2006 the company issued 400,000 shares to the public at a par value of K1,000 and raised K400 million as fresh capital. By the following year, 2007 business had picked so much so that the company made the following transactions:

- (i) in March 2007 constructed a gymnasium at a cost of K200 million next to the water purification plant for the use of workers;
- (ii) in June 2007 paid K80 million to University of Cape Town as tuition fees for Sangwapo's youngest son Musonda who is studying bio-chemistry;
- (iii) paid K50 million in July 2007 to the Open University in Lusaka for research in new methods of water purification.
- (iv) in November 2007, donated K150 million to the ruling party MMD for use in the Nchanga by election.

At the end of fiscal year 2007 the company made a gross profit of K300 million and incurred business expenses amounting to K50 million. You have been retained by ZamWater to advise on its tax liability. Advise.

7. Capricorn Bus Services is a bus company registered in Lilongwe, Malawi. On Saturday 23rd February 2008 it was carrying 60 Congolese passengers from Malawi en-route to Lubumbashi in the Democratic Republic of Congo. On Sunday 24th February, 2008 the bus broke down after hitting into a giraffe just after crossing into Zambian territory at Chipata.

Luckily for them on that very evening Kamanda wa Kamanda, a Congolese truck driver carrying cattle from Paramount Chief Mberwa in Malawi, had just off loaded fifty herds of cattle at Mtenguleni in Chipata for

the Nc'wala ceremony and was transiting through Zambia to Lubumbashi. He gave a lift to the stranded Congolese and charged each one K200,000.

On Monday 25th February, 2008 an alert Customs Officer at a roadblock at Chongwe impounded the truck because it was overloaded with human beings who were packed like cattle. Upon hard questioning and a few threats from the officer, Kamanda admitted that he had charged his passengers. The Customs Officer is not sure whether Kamanda should pay tax on the money raised from the Congolese.

Advise, citing relevant authorities.

@@@@@@@@@@@@@ END OF EXAMINATION @@@@@@@@@@@@@@

SHORT LOAN COLLECTION