PROSPECTS OF LEASING IN TANZANIA ENVIRONMENT

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ABSTRACT

Leasing has never featured in Tanzania even though this financing option could be ideal given the prevailing tax laws and the mode of financing. The tax law prevents most of businesses from depreciating their assets. If their financing was in the form of leases then lease rentals would provide tax shield which is not available in the form of depreciation tax shield. And business organizations which use loan finance would charge both the capital portion and interest as business expenses in the form of lease rentals. This paper dwells on these issues after the basics of leasing have been reviewed.

INTRODUCTION

This paper intends to stimulate a discussion about lease financing in Tanzania. This financing option has never gained ground in Tanzania for various reasons. The mode of financing was always influenced by the government which owned the largest portion of the business enterprises. It is the same government which also owned nearly all financial institutions which facilitate leasing. The latter institutions had to use the available funds in accordance with the national priorities. As if that was not enough business entities were headed by managers who were not innovative because of their backgrounds.[1]

The economy has now been sufficiently liberalized and all financing options including leasing are possible in Tanzania. The tax laws are not altogether blind to lease financing although certain sections of the Income Tax Act 1973 may be manipulated by tax authorities to frustrate leasing in Tanzania.

In the first part of this paper we shall go to the basics of leasing after which the Tanzania tax environment will be highlighted with reference to leasing. Finally the paper will discuss the accounting treatment of leasing.

LEASING AND LEASING DECISIONS

The lease is a contractual agreement between the asset owner hereafter called the lessor, and the asset user who leases the asset from the lessor hereafter called the lessee. The lessor conveys the asset to the lessee in return for lease rentals.

A lessee makes a decision to lease the asset after a decision has been made that an asset should be acquired using borrowed funds. This borrowing may be in the form of a loan or lease financing. A final decision to use lease financing is made if leasing is less costly to the lessee than loan financing.

In the light of what has been said above we need to highlight a series of decisions which are made before a leasing option is taken. The investor first conceives an idea of investment in a project. The project is analysed with a view of determining if it is feasible in all aspects. A feasible project is accepted, and this is an investment decision. Once an investment decision is made to accept a project then the options of financing are evaluated. A feasible project may be financed by equity capital or borrowed funds. Where borrowing is cheaper than equity capital borrowing is then compared to leasing.[2]

Taxation plays a key role in arriving at the leasing decision. The items which influence the decision between borrowing and leasing are interest and lease rentals. If both of them are tax allowable they provide a tax shield which reduces the effective cost of borrowed funds. On the other hand the lessor charges less lease rentals if he enjoys capital deductions for the asset let to the lessee.[3]

LEASING AGREEMENT

As we have observed the leasing contract involves the owner of the asset and the user of the asset. This is to say that the lessor owns the asset for the purpose of leasing it. He does not wish to use it in his business . And the lessee does not wish to own the asset, but he wishes to use the asset.

The lessor might be the vendor of the assets which are ultimately leased. This arrangement should be distinguished from hire purchase arrangement where the hirer wishes to acquire the asset ultimately. In the leasing agreement the lessee might acquire the asset, but this needs not be part of the agreement.

Alternatively the lessor might be a finance business entity which buys the asset required by the lessee and in turn leases it to the lessee. The lessor, in all cases, retains the title to the leased asset. He receives the lease rentals according to the terms of agreement. Lease rentals may be paid at the start of the period or at the end of the period.[4]

The lessor might charge lease rentals designed to recover the capital investment in the asset leased during the term of the lease, or he might charge less than the amount required to recoup the capital invested. The lease agreement which recoups total investment in the asset is classified as a capital lease(or financial lease) when it fulfills other conditions. Otherwise the lease will be classified as an operating lease.

The classification is very important for accounting purposes as well as for the appraisal of the lease options. The classification may have little significance for tax purposes elsewhere and in Tanzania. The Income Tax Act 1973 of Tanzania is for example silent on this issue.[5]

But the lease rentals contain an interest element designed to reward the lessor whose capital is tied in the leased asset. Again the separation of capital portion and interest portion is important for disclosure purpose in the financial statements. But it may be picked by the tax authority to disallow the capital portion as business expense.[6]

Let us briefly examine the features which distinguish the operating lease from the capital lease.

The Operating Lease

The operating lease is for a relatively shorter period compared to the useful life of the asset leased. The lessee may use the asset for its entire life period if only he enters into a series of lease agreements with the lessor. Otherwise the same asset will be leased by more than one lessee in its life period. But in many lease agreement the current lessee has the option to renew the lease if he so wishes.

The operating lease contract can be cancelled by the lessee before the expiery of its life. But the cancellation has a penalty clause. If the lessee exercises the cancellation option, he pays the penalty. The cancellation option makes the operting lease to afford the lessee a chance to dispense with an asset that he does not require, possibly because of obsolescence.

The lessee pays rentals which include the costs of servicing the asset, insurance, property taxes if they are applicable, interest and the principal invested by the lessee.

In this kind of the lease, the lessor does not recover the entire investment in the asset from one lessee. And it is important to know that both parties cannot know exactly for how long the lease will last because of the clause for cancellation option. For example the lessee cannot foresee obsolescence.

The Financial Lease

This lease is characterised by the fact that the lessor is guaranteed the recovery of the investment in the leased asset from the lessee. Secondly the lease agreement transfers the risks and rewards of ownership to the lessee. This is because the lessee will have signed the agreement which makes the asset available to the lessee for at least 75% of its useful life.[7]

Under this agreement the lessee normally undertakes to repair the asset, pay for its insurance cover, and pay any property tax if they apply.

LEASE ARRANGEMENT

The lease contract may involve two parties or three parties. Where the lessor already owns the asset, the parties involved may be the lessor and the lessee. The lessee approaches the lessor who has the asset and the contract is drawn. In most cases such arrangements obtain where the lessor is a dealer in an asset to be leased such as computer dealers, motor vehicle dealers, and other assets which do not involve heavy investment.

The Sale-And-Lease-Back arrangement involves the lessor and the lessee. The lessee may build premises according to his own specification for example then sell them to the lessor who in turn enters into an agreement to lease the asset to the lessee. This arrangement ensures that both the lessor and the lessee get tax advantages. In addition to that the lessee recovers his investment in the asset in order to boost up his working capital, while ensuring that the asset leased conforms to the requirements of the business. Super markets premises are financed this way for example in USA and Canada.

The financial lease on the other hand may involve three parties, namely the lessee, the lessor and the supplier of the asset. The lease approaches the supplier of the asset and negotiates for the assets price and the terms of delivery of the asset. Then the lessee approaches the finance company asking it to acquire the asset on the terms negotiated by the lessee, and in turn lease the asset to the lessee.

Where the finance company finds the cost of the asset to be more than it can afford, it will issue bonds in order to raise the funds for the acquisition of the asset. This kind of lease agreement is known as leveraged lease.

TAX CONSIDERATIONS

Lease options becomes advantageous if the tax laws provide that lease rentals are buiness expense which are wholly charged to the income in the year in which they are incurred. As we said before, this will provide the tax shield which will reduce the actual lease rentals paid. The same tax laws need to allow the lessor to enjoy the capital deductions in the form of investment deduction and capital allowance even though the lessor does not use the asset in production.

In many countries and in Tanzania the tax laws have provisions which allow lease rentals as business expenses to the lessee, and capital deduction to the lessor. But tax laws are not only designed to collect revenue. Some provisions may be designed to discourage a particular behaviour.

After the Arusha Declaration for example Tanzania was obsessed with agriculture mining and industrialization. It visualized other forms of business as unimportant or as a form of exploitation.

This obsession permeated the national policies and laws including the Income Tax Act 1973.[8] It is for this reason that the Act provides generous capital deductions to manufacturing industries, agriculture and mining and grudgingly allows commercial enterprises capital deductions.[9]

The Tanzania Tax Authority is still haunted by the apparition of the Arusha Declaration era and the tax laws have not been amended enough to reflect the new environment of trade liberalization.

Take for example a large corporation undertaking commerce with a huge investment in assets which may not be depreciated for tax purposes because these organisations are not approved business simply because they are not turning raw materials into finished goods, or any other approved business as defined in the Second Schedule of the Income Tax Act.

If corporations like these were to circumvent the provisions the Act by adopting leasing the tax authority may deploy section 27(I) of the Income Tax Act. This section permits the Commissioner of Income Tax to make adjustments in to the tax returns of an organizations where it deems that certain transactions were carried out to avoid tax.

If however the provisions of tax law did not imply a policy of influencing investment decision, the tax authority may not get excited by leasing because lease rentals are taxed in the hands of the lessor. Let us now turn to specific advantages of leasing which are associated with tax laws in Tanzania.

(a) Capital Deductions:

If the company borrows and uses the fund to acquire the asset, it can get tax advantages associated with capital cost allowances if it complies with the wear and tear rates issued by tax authority. The rates are either declining rates on machinery or straight line methods on buildings farm work and mines.[10]

Except for class 1 machines which are depreciated at $37\frac{1}{2}\%$ of written down value and mine works which are allowed 40% of cost in the first year, capital cost allowances do not ensure that the investor in Tanzania will have a tax respite while recovering from paying for the assets. Investment allowances are given but the tax shield on these is not more than 10% of the cost in most cases. And the conditions for getting investment allowances precludes many investors from obtaining them.[11]

Many assets will not qualify for capital deductions or if any, it will be very little. For example buildings can be depreciated if they are:

- -Industrial buildings
- -Hotels which meet the conditions of the
- -Hotel Levy Act
- -Farm works
- -Mine works.

This criterion excludes many buildings erected for the purpose of business in Tanzania from enjoying capital deduction. Those who have built hospitals for example are excluded.

To go around this restriction the investor should enter into a lease agreement. The total cost of capital paid in the form of lease rentals will be accepted as business expense whether these rentals relate to assets which comply the Second Schedule of the Act or not. If for example the commercial corporations which are not approved business were to sell their buildings and lease them back they would pay lease rentals which are tax allowable deductions from revenue. This will be akin to depreciation of these building which is not the allowed by the Income Tax Act.

(b) Loan Amortization:

In the case of the term loan the borrower pays installments in order to amortize the loan. The installments contain interest and the principal. The borrower can charge only the interest portion to income as an expense. The capital portion cannot be charged to income as an expense.

In the case of the lease whose term may be similar to the term loan, except for the legal ownership of the asset, the rentals are designed to amortize the full investment in the asset made by the lessor. The rentals contain the principal and the interest portion. Yet unlike in the case of the term loan, the lease rentals may be charged to income as an expense for tax purposes.

To the lessor section 6 of the Income Tax Act specifically mentions income from property as one of the taxable items. Therefore the lessor will have to pay tax on the full rentals earned.[12]

In this way we can observe therefore that the tax shield on the lease rental is more than the tax shield on the installments of the loan amortization. Thus given similar terms of the lease agreement and the term loan the lease option is more likely to be preferred to term loan.

In Tanzania the tax law has no restrictions on the rentals paid by the lessee. Though not specifically mentioned, the lease rentals are likely to be viewed in terms of sub section 1 of section 16 of the Income Tax Act, and therefore be allowed as an expense.

(c) Depreciation of the leased asset

Where the lease involves an industrial building the Income Tax Act allows the owner to depreciate the asset.[13] In Tanzania like elsewhere the lessor should enjoy the advantages of depreciation if the terms of the lease should specify that the burden of wear and tear will fall directly upon the lessor.[14]

The problem with the tax law in Tanzania as we stated before is that many businesses which own and use building cannot depreciate these buildings unless they fall within the definition of industrial building. This situation provides no depreciation tax shield which will reduce lease rentals charged by the lessor.

As for investment deductions the lessor is permitted to claim the deduction provided the asset let is an industrial building or a machine installed and used solely in such building and for the purpose of an approved business. Let us quote this section of the Act:

> " Subject to the schedule where-
> (a) a person incurs capital expenditure to which this schedule applies on construction of an industrial building which is to be used by him or by the lessee for the purpose of an approved business or on the purchase of the machinery which has been installed and is used solely in such building for the purpose of approved business......... an amount equal to twenty percent of such capital expenditure shall be deducted........for the year of income in which the building is first so used........."(Income Tax Act 1973: Para 24(1) (a))

We can therefore see that Tanzania tax attitude to leasing is the same as elsewhere, namely that the legal owner of the asset is the one who should enjoy all capital deductions. The trouble is that the allowance is confined to a few situations. If a few sections of Income Tax Act were to be changed, leasing would enjoy maximum advantage. But even with the limitations in the tax laws, leasing is a better option in Tanzania given that many business are not allowed to depreciate their assets and given that a great deal of capital is in the form of loans.

(d) Leased Asset As Collateral:

Most of the Tanzania financial institution have provided capital in the form of loans. And a large portion of these loans is uncollectible. With lease financing the leased assets could have easily fallen back to the lessor if the lessee failed to pay lease rentals. With the loan arrangement a legal wrangle will have to precede the possession of these assets if they were provided as collateral. It is also possible that these assets may be in bad shape because the lessee is not required to maintain the assets adequately. [15]

With lease agreements the asset belongs to the lessor, and the lease agreement will provide that the lessee should carry out preventive maintenance of the leased asset. If the lessee fails to pay lease rentals the lessor will possess the asset which is in good condition.

CAN CLASSIFICATION FOR ACCOUNTING PURPOSE INFLUENCE TAX AUTHORITY.

The classification of leases and accounting treatment was influenced by financial statement users. Many financial statement users found out that lessees were not recording on their balance sheet some assets they were using simply because the lessees had no legal title to the asset. While this was justified on on strictly legal basis, it was not justfied from the point of view of financing. The firm with leased assets was employing these assets to earn income. But these assets we never shown on the balance sheet . It would not be possible to assess correctly the assets employed to earn a given income. If one even computed the return on assets employed, the results would be overstated, for the leased assets would not be considered when computing this ratio.

Equally the firm had a long term obligation to meet out of a long agreement, which was similar in nature to the term loan. But the company did not show the lease liability on the balance sheet.

Many financial statement users came to notice this anomally, and they adjusted the financial statements accordingly. But this anomally should have been noticed by accountants when preparing financial statements. This was later, after the financial statements users had noticed the anomally, when the regulatory bodies of accountancy came out with the solution. They ruled that the leases should be classified as financial leases or operating leases. The financial leases were those that had these tenets:

(i.) Transfer the title to the asset to the lessee at the expiery of the lease agreement.
(ii.) Have their term being equal to at least 75% of the useful life of the asset.
(iii.) Have their present value of lease payment equal to at least 90% of the fair value of the property at the inception of the lease, less any grants and tax credits. The discounting rate used should be the lower of the lessee's borrowing rate or the implicit rate of return used by the lessor in determining the lease

rentals.[16]

With an example later we may be able to show the proper treatment of lease rentals paid by the lessee, and why the commissioner of income tax might demand that the capital portion of lease rentals should be interpreted in terms of section 17 (1) b which prohibits capital expenditure as an allowable business expense.

The operating leases pose no problems to the accountant. He simply has to record the lease rentals as expenses. The financial lease on the other hand has to be reflected in the financial statements as if the assets were owned. For that reason he has to:

(a.) Capitalize lease rentals. The basis for capitalization are either the arms length price payable for the asset leased or the present value of the lease rentals using the lower of the debt rate at which the lessee is capable of borrowing a similar debt or the rate(if known) the lessor used to determine the lease rentals.

(b.) Separate the interest and principal implicit in the lease rentals and account for interest as finance charge, and the principal portion as the loan installment repayment.

(c.) Depreciate the asset at the rate applicable to the asset of the same class.[17]

Let us now turn to an example which will illustrate the accounting treatment of the lease and lease rentals in the books of account of the lessee.

EXAMPLE

The company ABC LTD incorporated outside Tanzania, and whose management is exercised outside Tanzania started a business of cold rooms in which to store fresh fruits. The company approached the Finance Co.A Ltd, who, agreed to finance the cooling plant whose fair price was shs.23,870,551. The finance company requires ABC LTD to pay the annual lease rentals of shs.10,000,000 for 5 years. The cold plant has a useful life of 6 years. ABC LTD could have borrowed from the banks at the rate of 35% the required money to purchase the plant.

ABC LTD depreciates the asset of the same class on the basis of straight line. The asset has no salvage value. ABC undertakes to repair the asset, and pay an appropriate Insurance cover, as per terms of the contract.

The lease is non cancellable, but ABC LTD can exercise the option of buying the plant at the end of the lease.

1. The accountant should determine whether the lease is operating lease or financial lease. In this case the terms indicate that this is a financial lease which must be disclosed in the balance sheets by showing the leased asset and the lease obligation.

2. The accountant should determine the present value of the lease rentals.

(I) The company, in question is in the tax bracket of 35% as per Income Tax Act.1973.

(ii) Since we know the fair market price of the asset, we should equate that to the lease rentals. On the basis of that we can determine the implicit interest rate.

Fair market price of the plant	23,870,551
Less Tax benefits associated with investment allowance (23,870,511(0.2)(0.35)	1,670,938
Present value of lease Rentals	22,199,613

(iii) Implicit interest rate:

(10,000,000)A5⏋r)= 22,199,613

(A5⏋r)= 2.2199613

Where a⏋r= Present value of annuity factor for 5 years at r rate. The annuity table indicate that A5⏋r= 2.2199613 interest rate is 35%.

(iv) Separate interest and the principal amount in the lease rentals.

TABLE 1
PRINCIPAL AND INTEREST PAYMENT SCHEDULE

	YEAR1	YEAR2	YEAR3	YEAR4	YEAR5
Principal Shs.	22199613	19969478	16958795	12894374	7407405
Interest(35%)	7769865	6989317	5935579	4513031	2592595
	29969448	26958795	22894374	17407405	10000000
Rental	10000000	10000000	10000000	10000000	10000000
Bal c/f	19969478	16958795	12894374	7407405	

(v) Determine depreciation Expense per annum:

Depreciation Expenses Shs. 22,199,613/5years =4,439,922.60

(iv) Establish the accounts needed

The accounts required are:

(a) "Leased Property"

This account should appear as an asset in the Balance Sheet, showing the asset leased.

(b) "Obligations Under capital Leases"

This account must represents a long term debt in the Balance Sheet.

(c)"Accumulated Depreciation". This account will appear as a deduction from the leased property. It represents the services of the leased asset used up hitherto

LEASED PROPERTY

JAN. YEAR 1 22,190,613	

OBLIGATION UNDER CAPITAL LEASES

Dec Yr 1Cash	2,230.135	Jan.Yr.1Leased PR	22,199,613
Dec Yr Bal c/d	19,969 478		
	22,969.478		22,199 613

Dec Yr 2Cash	3,010,683	Jan Yr 2 Bal b/d	19,969,478
Dec Yr 2 Bal c/d	16,894,374		
	19,958,795		19,969,478
Dec.Yr 3 cash	4,064,421	Jan/Yr 3 Bal b/d	16,958,795
Dec.Yr 3 Bal c/d	12,894,374		
	16,958,795		16,958,795
Dec Yr.4 Cash	5,486,969	Jan. Yr.4 Bal b/d	12,894,374
Dec.Yr.4 Bal c/d	7,407,405		
	12,894,374		12,894,374
Dec. Yr.5......	7,407,405	Jan Yr 5 Bal b/d	7,407,405
Bal c/d	Θ		
	7,407,405		7,407,405

ACCUMULATED DEPRECIATION LEASED ASSET

Dec.Yr 1 Bal.c/d	4,439,922.60	Dec.Yr. 1 Depr.Exp.	4,439,922.60
Dec. Yr 2 Bal c/d	8,879,845.20	Jan.Yr. Bal b/d	4,439,922.60
		Dec.Yr 2 Depr.Exp.	4,439,922.60
	8,879,845 20		8,879,845.20
Dec Yr 3 Bal c/d	13,319,767.80	Jan.Yr 3 Bal.bd	8,879,845.20
		Dec.Yr.3 Depr.Exp.	4,439,922.60

	13,319767.80		13,319,767.80
Dec.Yr.4Balc/d	17,759,690.60	Jan. Yr.4 b/d	13,319,767.80
		Dec.Yr.4 Depr.Exp.	4,439,922.60
	17,759,690.60		17,759,690.60
Dec yr.5 bal c/d	22,199,613	Jan Yr.5 bal b/d	17,759,690.60
		Dec. Yr.5 Depr. Exp	4,439,922.40
	22,199,613		22,199,613.

INTEREST EXPENSE

Dec. Yr.1. . ...Cash	7,769,865	Dec.Yr.1 Profit & Loss	7,769,865
Dec.Yr.2. . ... Cash	6,989,317	Dec.Yr.2 "	6,989,317
Dec.Yr.3 .... Cash	5,935,579	Dec. Yr.3 "	5,935,579
Dec.Yr.4. .... Cash	4,513,031	Dec. Yr.4 "	4,513,031
Dec.Yr 5 .... Cash	2,592,595	Dec.Yr .5 "	2,592,595

CASH

	Dec.Yr 1	10,000,000
	Dec. Yr 2	10,000,000
	Dec. Yr 3	10,000,000
	Dec Yr 5	10,000,000

ABC LTD

BALANCE SHEET AS AT DEC.31,19 YEAR 4

ASSETS		LIABILITIES
Fixed Assets		Current Liabilities
Leased Property	22,199,613	Current obligation under capital lease .7,407,405
Less Accumulated	(17,759,690)	
	443,923	Long Term liabilities
		Obligation Under Capital leas Φ

Notice that:

1. That the asset and liabilities are not equal. They need not be because the rate of depreciating the asset and the rate of the retiring the lease obligation are not the same.

2. The Principal obligation falling due in 12 months has to be classified as a current liability, and not as a long term liability, although the account still has the balance of shs.7,812,498/=

At the end of lease agreement, and if the lessee does not wish to purchase the asset the balance in the leased property Account is closed by disposing the asset as if it had no savage value. Its debit balance is transferred to the Asset Disposal Account where this balance is matched with the Accumulated Depreciation Account balance.

In the course of pursuit of the proper accounting treatment of leasing we notice that the capital component and the interest component are separately accounted for. The capital component is never charged to the income statement. This is where the fear of the financiers and investors stems from. The tax authority may direct that rentals should be accounted for that way for tax purposes,and this will make leasing option to be less attractive.

CONCLUSION

Now that trade has been sufficiently liberalized there are many advantages which may be obtained by using leasing option. For example

(a.) Many financial institutions which do not have alternatives for their funds save buying treasury bills may invest in lease financing.

(b.) With the capital market in infancy in Tanzania lease financing will be appropriate because the formalities entailed by share capital issues are not needed.

(c.) Managers who are restricted from borrowing may use lease financing. This is not borrowing. This is leasing the asset required for operations

(d.) Organizations which cannot depreciate their assets because of tax restrictionswill be able to charge lease rentals as business expenses.

(e.) Business organizations especially parastatals starved of financial resources may enter into a sale-and-lease back agreement and obtain working capital while they still use the same assets.

Tax shield on lease rentals will be bigger than tax shield on instalments of term loan if the tax authority will turn a blind eye to the capital portion in the lease rentals

REFERENCES

International Accounting Standards Committee International Accounting Standards 1990

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Myers, S.C. Dill,D.A., and Baustista A.J. "Valuation of Financial Lease contract" Journal of Finance(May 1978) pp 647-669

NOTES

1 These restrictions are seen in laws which required financial institutions to buy low interest government bonds, giving priorities to certain sectors when allocating financial resources and nominating politicians to manage business enterprises.

2 The details of leasing are provided by many authors in this are such as:
-Richard A.Brealy/Steward C Myers: Principles of Corporate Finance MCGraw Hill 1991.

-A.B.Colb Principles of Financial Management: Business Publication Inc.1993

3 In Tanzania The Income Tax Act 1973 is silent on this issue.

4 Where lease rentals are paid at the start of the period then the present value of the rentals is x + x (an⌉i)

where: x is the first installment an⌉i is the present value annuity factor for n years at rate.

5 See Income Tax Act 1973

6 This concern preoccupied investors in United Kingdom as it is pointed out by Samwelson and Wilkes.
Management of Company Finance: Van Nostrand Reinhold (UK) Co LTY 1983 PP 309-313.

7 For details see the International Accounting Standards Committee International Accounting standards 1990 p 205.

8 The evidence that the government was frowning on commerce is seen in many ways.
-Commercial business could not depreciate their buildings.
-Commercial businesses were not given priority when loans and foreign exchange were allocated.
Small business organisation were defined as small scale industries
-The CCM party admitted only workers and farmers as members of the party.

9 See the Second Schedule of Income Tax Act 1973.

10 See the Income Tax Act 1973 second schedule.

11 Many businesses do not quality as approved business as defined in the paragraph 32(1) of the Second Schedule of the Income Tax Act 1973 to obtain investment deduction.

12 Section 16(1) of the Income Tax Act 1973 allows any expenditure wholly and exclusively incurred by the tax payer in production of income as an expense. It is in the light of this that lease rentals is regarded as a business expense.

13 See the Income Tax Act second schedule para (9)

[14]See International Accounting Standards Committee International Accounting Standard op.cit

[15] The financial institution investment is provided in their respectively annual reports as follows:

The financial institution investment is provided in their respective annual reports as follows:

	TIB	NIC	TDFL
	JULY 1994	DEC.1993	1989
Loans	14,036,112,165	527,683,172	766,041,000
Shares	660,591,557	551,666,324	45,062,000
Bad Debts	449,937,483	?	?

[16] See International Accounting Standards Committee International Accounting Standards Op.cit pp.208-209

[17] See International Accounting Standard Committee International Accounting Standard Op.cit pp208-209