



THE ANSWERS MUST BE ATTEMPTED ON THE ANSWER SHEET PROVIDED

Q.1. State with reasons whether the following are capital or revenue: (15x2=30)

1. Legal expenses incurred in raising a loan.
2. Cost of white-washing the business building.
3. Royalty paid for acquiring a copyright
4. Wages paid for the manufacture of product for sale.
5. Rent paid for a hired machinery.
6. Cost of issuing shares and debentures.
7. Pension paid to employee.
8. Royalty received from transfer of copyright
9. Profit on sale of a house by a property dealer.
10. Amount received on sale of a house purchased for residential purposes.
11. Compensation received on temporary disability.
12. Exhibition expenses
13. Amount received from a debtor who purchased merchandise and whose account was previously written off as bad.
14. Receipt of three years' rent of building in advance.
15. Legal fee received for drafting a Memorandum or Articles of Association of a company.

Answer the following questions.

(3x10=30)

- Q.2** What do you mean by agricultural income? Is it taxable in Pakistan? Give 5 examples of income from agriculture.
- Q.3** What are the allowable deductions under Section 15A in respect of income from property?
- Q.4** Explain various types of depreciation allowances. Narrate the conditions for admissibility of depreciation under the Act