



# UNIVERSITY OF THE PUNJAB

B.S. 4 Years Program / Sixth Semester – 2019

Paper: Taxation Management (Basic)

Course Code: BBA-307 Part – I (Compulsory)

Time: 15 Min. Marks: 10

Roll No. in Fig. ....

Roll No. in Words. ....

Signature of Supdt.: .....

**ATTEMPT THIS PAPER ON THIS QUESTION SHEET ONLY.**

**Division of marks is given in front of each question.**

**This Paper will be collected back after expiry of time limit mentioned above.**

**Q.1. Encircle the correct choice.**

**(1x10=10)**

**1. Income Tax Rules are effective from:**

- a.
- b. 1979
- c. 2000
- d. 2001
- e. 2002

**2. As per the income tax ordinance 2001, Person means:**

- a.
- b. Individual
- c. Company or AOP
- d. Federal & Foreign Government
- e. All of the above

**3. Which of the following is NOT a public limited company?**

- a. A company in which 50% or more shares are held by the Federal Government
- b. A company in which 50% or more shares are held by a provincial government
- c. A company in which 50% or more shares are held by a foreign government
- d. A company in which 50% or more shares are held by a local government

**4. Which from the following is NOT among the heads of "Total Income"?**

- a.
- b. Salary
- c. Income from property/business
- d. Income from sales
- e. Capital gains

**5. Which of the deductible allowance is deducted from gross tax?**

- a. Educational Expenses
- b. Payment to workers' Welfare Fund
- c. a and b both
- d. None of the above

**6. Which of the following is not included in Rent Chargeable to tax?**

- a. Rent received or receivable by the owner of land or building
- b. Forfeited token money
- c. 1/10<sup>th</sup> of the advance not adjustable against Rent
- d. None of the above

**P.T.O.**

**7. Highest Forum for reference in the point of law:**

- a. CIR (Appeals)
- b. Appellate Tribunal Inland Revenue
- c. High Court
- d. Supreme Court

**8. A loss carried forward from Income from business may be set off against:**

- a.
- b. Income from the same business
- c. Income from any other source of income
- d. Income from any other business
- e. None of the above

**9. Which of the following is responsible for appointment of members and Chairman of FBR?**

- a.
- b. Federal Government
- c. Central Board of Revenue
- d. Federal Board of Revenue
- e. Provincial Government

**10. Withholding tax is deducted at the time of:**

- a.
- b. Recording suppliers invoice
- c. Making a purchase
- d. Making a payment
- e. Rendering the service



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Time: 2 Hrs. 45 Min. Marks: 50

**ATTEMPT THIS (SUBJECTIVE) ON THE SEPARATE ANSWER SHEET PROVIDED**

**Q. No.2: Define the short answers of the following questions. (2\*10=20)**

- i. Define KIBOR.
- ii. What is Capital Asset?
- iii. Difference between normal tax year and transitional tax year.
- iv. Give two examples of Partly Agricultural and Partly Non-Agricultural Income.
- v. Define Rent Chargeable to tax (RCT).
- vi. Why is it important to differentiate between Revenue and Capital expenditure?
- vii. What is the difference between Exempt and Non-Taxable?
- viii. What is the tax treatment of "Loan to Employee" under the income tax ordinance 2001?
- ix. Enlist at least four examples of Income from Other Sources.
- x. Define Best Judgment Assessment.

**Q. No. 3: Answer any one of the following. (15)**

What is Provident Fund? Discuss the treatment of various types of Provident Fund for inclusion in total income and exemption from income tax.

**OR**

What is meant by Agriculture Income? Is it taxable in Pakistan? Give explanation of different types of agricultural Income.

**P.T.O.**

Q. No. 4:

(15)

Mohammad Ali, a senior citizen of Pakistan (age above 60 years), supplies the following information for the tax year ended 30-06-2018. Compute his tax payable.

1. Basic Salary	Rs. 5,00,000
2. Cost of Living Allowance	30,000
3. Rent free unfurnished accommodation provided to him	-----
4. Medical allowance	28,000
5. Medical Facility (under terms of agreement)	40,000
6. Loan obtained from the employer @ 12%	11,00,000
7. Property income (Repair charges Rs. 25,000, Property tax paid Rs. 5,000)	2,50,000
8. Un-Adjustable Advance Rent	1,00,000
9. Profit from textile business	45,000
10. Un-adjustable business loss of previous year	35,000
11. Capital gains on sale of shares of private company (Disposed off within 12 months)	12,000
12. Shaukat Khanum Memorial Trust Specified in clause 61 of the second Schedule	90,900
13. Tax deducted at source from salary	10,000
14. Donation to Government educational institution	45,000
15. Contribution to approved fund at the age of above 40 yr	40,000
16. Won a car in competition held by Indus Motors for promotion of its sales RMW	2,50,000
17. Education fee of three children	50,000
18. Gain on sale of shares of public company acquired after 1 <sup>st</sup> July 2017 (Disposal within the period of 12 months)	75,000

**Rate of tax for salaried person for tax year 2018**

S. #	Slabs	Rate of tax
1	Where the taxable income does not exceed Rs. 4,00,000	Nil
2	Where the taxable income exceeds Rs. 4,00,000 but does not exceeds Rs. 5,00,000	2% of the amount exceeding Rs. 4,00,000
3	Where the taxable income exceeds Rs. 5,00,000 but does not exceeds Rs. 7,50,000	Rs. 2,000 + 5% of the amount exceeding Rs. 5,00,000
4	Where the taxable income exceeds Rs. 7,50,000 but does not exceeds Rs. 14,00,000	Rs. 14,500 + 10% of the amount exceeding Rs. 7,50,000
5	Where the taxable income exceeds Rs. 14,00,000 but does not exceeds Rs. 15,00,000	Rs. 79,500 + 12.5% of the amount exceeding Rs. 14,00,000
6	Where the taxable income exceeds Rs. 15,00,000 but does not exceeds Rs. 18,00,000	Rs. 92,000 + 15% of the amount exceeding Rs. 15,00,000
7	Where the taxable income exceeds Rs. 18,00,000 but does not exceeds Rs. 25,00,000	Rs. 1, 37,000 + 17. 5% of the amount exceeding Rs. 18,00,000
8	Where the taxable income exceeds Rs. 25,00,000 but does not exceeds Rs. 30,00,000	Rs. 2,59,500 + 20% of the amount exceeding Rs. 25,00,000