



**FINAL TERM EXAMINATION**  
**Spring 2009 FIN623- Taxation Management (Session - 2)**

Marks: 81

**Question No: 1 ( Marks: 1 ) - Please choose one**

Taxes are important instrument of which one of the following policy?

- ▶ Monetary policy
- ▶ **Fiscal policy PAGE 1**
- ▶ Trade Policy
- ▶ Economic Policy

**Question No: 2 ( Marks: 1 ) - Please choose one**

Which of the following is opposite to the literal meanings of Tax?

- ▶ **Burden PAGE 1**
- ▶ Strain
- ▶ Load
- ▶ Relieve

**Question No: 3 ( Marks: 1 ) - Please choose one**

Sec. (11A) of Income Tax Ordinance 2001 defined:

Charitable purpose includes relief of the poor, education, medical relief and the advancement of any other object of general public utility.

In which criteria the above definition falls?

- ▶ Exclusive definition
- ▶ **Inclusive definition PAGE 8**
- ▶ Both Exclusive and Inclusive definitions
- ▶ Statutory definition

**Question No: 4 ( Marks: 1 ) - Please choose one**

Which of the following is the mutual example of both inclusive and exclusive definitions?

- ▶ Appellate Tribunal 2(2)
- ▶ **Banking Company 2(7) PAGE 9**
- ▶ Association of Person 2(6)
- ▶ Employment 2(22)

**Question No: 5 ( Marks: 1 ) - Please choose one**

Which of the following is the Special Accounting Year of Sugar Companies?

- ▶ 1st January to 31st December
- ▶ 1st July to 30th June
- ▶ **1st October to 30th September PAGE 13**

- ▶ 1st September to 31st August

**Question No: 6 ( Marks: 1 ) - Please choose one**

Suppose a Profit acquired by a cultivator for produce after harvesting.

The profit of the cultivator will be treated in

- ▶ Income from Business
- ▶ **Agriculture Income PAGE 20**
- ▶ Income from Property
- ▶ Capital Gain

**Question No: 7 ( Marks: 1 ) - Please choose one**

Suppose due to hailstorm damages caused to crops that was insured against Insurance policy. The compensation received from an insurance company for damages caused by hailstorm.

What will be the tax treatment of such amount received?

- ▶ Income from Business
- ▶ **Exempt as Agriculture Income PAGE 20**
- ▶ Income from Property
- ▶ Capital Gain

**Question No: 8 ( Marks: 1 ) - Please choose one**

What is the tax treatment of any profit on the US Dollar Bonds purchased by t resident person after December 1999 under Second Schedule?

- ▶ Wholly exempt
- ▶ Wholly taxable
- ▶ **Tax @10% of profit paid PAGE 25**
- ▶ Not mention in second schedule

**Question No: 9 ( Marks: 1 ) - Please choose one**

Salary income received by resident person from Federal Government of Pakis in UK belongs to which of the following?

- ▶ **Pakistani source of Income**
- ▶ Foreign source of income
- ▶ Both Pakistan and foreign source of income
- ▶ None of the given option

**Question No: 10 ( Marks: 1 ) - Please choose one**

Mr. Khan resident of Pakistan received salary from UK? His salary will be included in which of the following?

- ▶ Pakistan source income
- ▶ Foreign source income
- ▶ Both Pakistan and foreign source income
- ▶ None of the given options

**Question No: 11 ( Marks: 1 ) - Please choose one**

In which of the following heads of Income No deductions are allowed:

▶ **Salary Income PAGE 36**

- ▶ Income from Property
- ▶ Income from Business
- ▶ Capital Gains

**Question No: 12 ( Marks: 1 ) - Please choose one**

Utilities were exempted up to 10% of MTS or Basic salary till 30th June, 2006, vide clause 38 of part 1 of Second Schedule. This clause has been omitted by:

- ▶ Finance Ordinance 2004
- ▶ Finance Ordinance 2005
- ▶ **Finance Act 2006 PAGE 46**
- ▶ Finance Act 2007

**Question No: 13 ( Marks: 1 ) - Please choose one**

MTS stands for which of the following?

- ▶ **Minimum time scale**
- ▶ Minimum transfer Salary
- ▶ Maximum time scale
- ▶ Maximum transfer Salary

**Question No: 14 ( Marks: 1 ) - Please choose one**

Which of the following is the tax treatment of free hospitalization services provided under the terms of employment?

- ▶ **Wholly exempt PAGE 48**
- ▶ Wholly taxable
- ▶ Taxable up to 10% of MTS
- ▶ Exempt up to 10% of MTS

**Question No: 15 ( Marks: 1 ) - Please choose one**

Which of the following may grant approval to any gratuity fund?

- ▶ Federal Tax Ombudsman
- ▶ Federal Government
- ▶ Superior judiciary
- ▶ **Commissioner of Income Tax PAGE 54**

**Question No: 16 ( Marks: 1 ) - Please choose one**

Rental income earned is taxable on a net income basis that is, after deduction of tax admissible expenditure and allowances from gross rent, for up to Tax year:

- ▶ 2007
- ▶ 2008
- ▶ 2006
- ▶ 2005

**Question No: 17 ( Marks: 1 ) - Please choose one**

Debt means "any amount owing", than which one of the following doesn't cover by the definition of Debt under section 2(15)?

▶ **Accounts payable PAGE 8**

- ▶ Promissory notes
- ▶ Bills of exchange
- ▶ None of the given options

**Question No: 18 ( Marks: 1 ) - Please choose one**

What is the tax treatment for any fine or penalty paid or payable by the person for the violation of any law, rule or regulation?

- ▶ Deducted as per section 20
- ▶ **Not allowed to be deducted as per section 21 PAGE 67**
- ▶ Deducted as per section 21
- ▶ Not allowed to be deducted as per section 22

**Question No: 19 ( Marks: 1 ) - Please choose one**

Which section defines 'Speculation business' under head Income from business?

- ▶ Section 20
- ▶ **Section 19 PAGE 66**
- ▶ Section 24
- ▶ Section 18

**Question No: 20 ( Marks: 1 ) - Please choose one**

Which of the following is the rate of amortization of pre-commencement expenditure under section 25 of the income tax ordinance 2001?

- ▶ 10%
- ▶ **20% PAGE 69**
- ▶ 30%
- ▶ 50%

**Question No: 21 ( Marks: 1 ) - Please choose one**

A/B

The above formula is for the calculation of Amortization deduction allowed under section 24. Which of the following is the value of A?

- ▶ Normal useful life of intangible
- ▶ Book value of intangible
- ▶ **Cost of intangible PAGE 68**
- ▶ Sale price of intangible

**Question No: 22 ( Marks: 1 ) - Please choose one**

Turnover from all sources Rs.50, 000,000

Tax liability (due to loss or exemption from tax) = Nil

What will be the minimum tax to be paid at 0.5% of turnover?

- ▶ Rs.300, 000
- ▶ Rs.200, 000
- ▶ **Rs.250, 000**
- ▶ Rs.100, 000

**Question No: 23 ( Marks: 1 ) - Please choose one**

Section 22(15) defines depreciable asset means:

- ▶ Any tangible movable property
- ▶ Any tangible immovable property (other than unimproved land)
- ▶ Structural improvement to immovable property
- ▶ **All of the given options PAGE 68**

**Question No: 24 ( Marks: 1 ) - Please choose one**

Which section define this 'Income tax depreciation is admissible only in respect of depreciable assets'.

- ▶ Section 22(15)
- ▶ Section 22 (11)
- ▶ Section 23 A
- ▶ **Section 24**

**Question No: 25 ( Marks: 1 ) - Please choose one**

A-B

From the above formula the value 'B' represents which of the following?

- ▶ Consideration received on disposal of the capital asset
- ▶ **Cost of the asset PAGE 79**
- ▶ Amount of Depreciation
- ▶ Market value of the Capital asset

**Question No: 26 ( Marks: 1 ) - Please choose one**

Income from Dividends charged to tax under which of the following heads of Income?

- ▶ Income form Property
- ▶ Income from Business
- ▶ Income from Capital Gain
- ▶ **Income from Other Sources**

Incomes not covered by any given heads of income are covered under this head.

**Question No: 27 ( Marks: 1 ) - Please choose one**

Appeal to the collector of sales tax may be filed within which of the period?

- ▶ 60 days
- ▶ 90 days
- ▶ 180 days
- ▶ **30 days PAGE 120**

**Question No: 28 ( Marks: 1 ) - Please choose one**

Members of income tax appellate tribunal are appointed by which of the following authorities?

- ▶ Income Tax Department
- ▶ Provincial Government
- ▶ **Federal Government PAGE 108**
- ▶ Judicial Commission

**Question No: 29 ( Marks: 1 ) - Please choose one**

The office of Superintendent of Sales Tax, or such other office as the Board may, by notification in the official Gazette, specify is called;

- ▶ Income tax office
- ▶ Registered office
- ▶ **Local Sales Tax Office PAGE 113**
- ▶ None of the given options

**Question No: 30 ( Marks: 1 ) - Please choose one**

In relation to any registered person means the tax charged under the Sales tax Act in respect of a supply of goods made by that person and shall include duties of excise chargeable under section 3 of the Central Excises Act, 1944 (I of 1944) is known as;

- ▶ **Output tax PAGE 115**
- ▶ Input tax
- ▶ Income tax
- ▶ Wealth tax

**Question No: 31 ( Marks: 1 ) - Please choose one**

Capital value tax is levied on which of the following?

- ▶ Capital gain
- ▶ Gross profits
- ▶ **Capital value of asset PAGE 121**
- ▶ Intangible assets

**Question No: 32 ( Marks: 1 ) - Please choose one**

Mr. X employed in Pakistan remittance from USA received Rs. 10,000 in Pakistan from past profits. Which of the following is right for the above scenario?

- ▶ **Mr. X being resident of Pakistan Rs. 10,000 will be added in Gross total income**
- ▶ Mr. X being resident of Pakistan Rs. 10,000 will be Subtracted in Gross total income
- ▶ Mr. X being non-resident of Pakistan Rs. 10,000 will be added in Gross total income
- ▶ Remittance is not income hence it is not included

**Question No: 33 ( Marks: 1 ) - Please choose one**

Which of the following is the general formula for calculating tax credits?

- ▶  $(A+B) \times C$
- ▶  $(A-B) \times C$
- ▶  **$(A/B) \times C$  PAGE 41**
- ▶  $(A/B) + C$

**Question No: 34 ( Marks: 1 ) - Please choose one**

A woman taxpayer shall be charged to tax if taxable income is:

- ▶ Less than Rs. 100,000

- ▶ Less than Rs. 150,000
- ▶ More than Rs. 200,000
- ▶ **More than Rs. 240,000** PAGE 125

**Question No: 35 ( Marks: 1 ) - Please choose one**

Which of the following is the rate of tax for salaried Individuals for tax year 2009, wh the taxable income exceeds Rs. 250,000 but does not exceed Rs. 350,000?

- ▶ Nil
- ▶ 0.250%
- ▶ 0.50%
- ▶ **0.75%** PAGE 125

**Question No: 36 ( Marks: 1 ) - Please choose one**

Mr. A is an employee of Government of the Punjab, his data for the year 2009 is given below.

Salary Rs. 60,000 per month

Gratuity Rs. 1,000,000

Tax deducted at source Rs. 54,000

What will be the Mr. A's taxable income for tax year 2009?

- ▶ 774,000
- ▶ 720,000
- ▶ 1,060,000
- ▶ 1,720,000

**Question No: 37 ( Marks: 1 ) - Please choose one**

Statutory Provident Fund is governed by:

- ▶ Finance Act 2006
- ▶ Insurance Act 1969
- ▶ **Provident Funds Act 1925** PAGE 60
- ▶ None of the given options appetence

**Question No: 38 ( Marks: 1 ) - Please choose one**

What will be the tax liability of an individual under the head income from property

- ▶ **Rs.17,750**
- ▶ Rs. 23,500
- ▶ Rs. 47,000
- ▶ Rs. 70,500

**Question No: 39 ( Marks: 1 ) - Please choose one**

Any salary paid or payable exceeding \_\_\_\_\_ paid other than by a crossed cheque or direct transfer of funds to the employee's bank account is not allowed to deduct under section 21 of the ordinance.

- ▶ Five thousand rupees per month
- ▶ **Ten thousand rupees per month** PAGE 67
- ▶ Fifteen thousand rupees per year
- ▶ Two hundred thousand rupees per year

**Question No: 40 ( Marks: 1 ) - Please choose one**

Which of the following is the rate of tax for AOP for ta income exceeds Rs. 100,000 but does not exceed Rs. 180000

▶ **0%** PAGE 125

- ▶ 0.25%
- ▶ 0.50%
- ▶ 0.75%

**Question No: 41 ( Marks: 1 ) - Please choose one**

What is the tax rate of Banking companies for the

▶ **35%**

- ▶ 44%
- ▶ 54%
- ▶ 42%

**Question No: 42 ( Marks: 1 ) - Please choose one**

Amount of Capital value tax for the year 2009 for a mo should be which of the following?

▶ Rs. 3,500

▶ **Rs. 7,500** PAGE 122

- ▶ Rs. 8,500
- ▶ Nil

**Question No: 43 ( Marks: 3 )**

What is the main purpose of Gratuity?

**Question No: 44 ( Marks: 3 )**

Mr. Farooq's salary is Rs.22, 000 per month. He received commission during the year amounting to Rs.33, 000. He is provided a jeep by his employer for personal as well a official use. The employer took this jeep from a leasing company at an annual lease of Rs.80, 000. The fair market value of the 000. Calculate the taxable income of Mr.

**Question No: 45 ( Marks: 3 )**

What are the Penalties in case of failure to maintain record and non compliance with the notice under section 185 and 186 of Income Tax Ordinance 2001 respectively?

**Question No: 46 ( Marks: 5 )**

What are the exemptions available un Tax Ordinance 2001 related to Prope Income

**Question No: 47 ( Marks: 5 )**

What are the basic features of Sales T

**Question No: 48 ( Marks: 10 )**



Compute the taxable income and tax liability of Mr. Jamil, a salaried individual. The data pertaining to tax year 2009 is given below:

1. Basic salary Rs 20,000 p.m.
2. House rent allowance Rs 5,000 p.m.
3. Bonus Rs. 6,000 p.m.
4. Medical Allowance Rs 5,100 p.m.
5. Free hospitalization services availed under terms of employment. Rs 40,000
6. Driver's salary paid by employer Rs 8,000 p.m.
7. Dearness Allowance Rs 6,000 p.m.
8. Utilities Rs. 40,000

**Question No: 49 ( Marks: 10 )**

For tax year 2009 in respect of Compute taxable income and tax thereon employee of Government of the Punjab. Relevant information/data is given below

Salary

Utilities

Bonus

Dearness Allowance

Gratuity

Conveyance allowance (Partly for Person

Cost of vehicle to the employer was

Tax deducted at source

Concessional Loan of Rs 1 million provid

(bench mark rate for tax year 2009 is 11%

Rs. 500,000

Rs. 50,000

Rs. 72,000

Rs. 60,000

Rs. 1,000,000

y for office use)

Rs 1,000,000

Rs. 54,000

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