



UNIVERSITY OF THE PUNJAB

B.S. 4 Years Program / Eighth Semester – 2020

Paper: Taxation Management (Advanced)

Course Code: BBA-414 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 option.

(10x1=10)

1. _____ is Deduction not Admissible.
 - a. Entertainment Expenses
 - b. Machinery Repair
 - c. Professional Tax paid
 - d. Income Tax

2. Any payment made on account of salary exceeding Rs. _____, if not paid through cross cheque is not admissible deduction.
 - a. 15,000
 - b. 10,000
 - c. 20,000
 - d. 25,000

3. Dividend is _____
 - a. Income from business
 - b. Income from Capital Gain
 - c. Income from Salary
 - d. Income from other sources

4. Profit on debt can never be _____.
 - a. Income from business
 - b. Income from other sources
 - c. Income from property
 - d. None of the above

5. A Tax Year which ends on 30th of June is called as:
 - a. Normal Tax year
 - b. Special Tax Year
 - c. Transitional Tax Year
 - d. None of above

6. Sales made by Restaurants are considered as:
 - a. Sales of Goods
 - b. Sales of Services
 - d. Not a sale
 - c. None of the above.

- 7. Income from Paper Checking is:**
- a. Income from Salary
 - b. Income from Business
 - c. Income from Other Sources
 - d. Income from Property
- 8. Rental income related to movable assets is:**
- a. Income from Business
 - b. Income from Salary
 - c. Income from Property
 - d. Income from Other Sources
- 9. Law imposed in Pakistan is named as:**
- a. Sales Tax Ordinance 2001
 - b. Sales Tax Act 2001
 - c. Sales Tax Ordinance 2002
 - d. Sales Tax Act 1990
- 10. Sales tax on services in provinces is the domain of:**
- a. Federal Government
 - b. Provincial Government
 - c. Local Government
 - d. None of the above



ATTEMPT THIS (SUBJECTIVE) ON THE SEPARATE ANSWER SHEET PROVIDED

- Note:** i. Tax rates are attached herewith.
ii. Give notes where applicable.
iii. Attempt all questions.

Q.2. Answer the following short questions. (4x5=20)

- i. What do you mean by Wealth Statement and Wealth Reconciliation Statement?
- ii. What do you mean by Tax Payer as per Income Tax Ordinance 2001?
- iii. What do you mean by Small company as per Income Tax Ordinance 2001?
- iv. What do you mean by Direct Tax? Give its examples and significance.

Q.3. Solve the following long questions. (2x15=30)

- i. Find out the Tax liability if Mr. Rizwan, who purchased 3,000 shares of Hanger Limited Company at a price of Rs.260/- each 8 months back and this year he sold these shares for Rs.450/- each.
He also bought 4500 shares of Jangoo Limited Company 19 months back for Rs.60/- each and sold the Jamese shares for Rs. 102/- each.
He also bought 4000 shares of Sheikh Textiles Limited 7 years back for Rs.130/- each and this year sold for Rs.220/- each.
Mr. Rizwan also sold a plot for Rs.2,90,00,000/- this year. This plot was purchased 3 years back for Rs.1,94,00,000/-. Mr. Rizwan also sold a Jewellery this year for Rs.15,00,000/- which was purchased 2 years back for Rs.10,00,000/-.
- ii. M/S Exquisite Private Limited has rented out its property to a Government of Punjab. The rent of Property is Rs.5,00,000/- per month. The Advance Rent Received is Rs.15,00,000/-. The security received is Rs.10,00,000/-. The property tax paid by tenant is Rs.15,000/-. The legal expenses regarding the same property, paid to a lawyer are Rs.25,000/-. The insurance premium paid by Company Director's house is own house is Rs. 40,000/-. The forfeited amount of the property is Rs.6,00,000/-. Property tax paid by the company is Rs.80,000/-. Interest paid by Director on loan for his personal property is Rs.1,50,000/-. Tax deducted at source is Rs.65,000/-. Find out the tax liability.

Tax Rate Card Tax rates for salaried individuals [Division I, Part I]

Where the income of an individual chargeable under the head "salary" exceeds seventy-five per cent of his taxable income, the rates of tax to be applied shall be as set out in the following Table

S.No	Taxable income	Rate of tax
1.	Where the taxable income does not exceed Rs. 600,000	0%
2.	Where taxable income exceeds Rs. 600,000 but does not exceed Rs. 1,200,000	5% of the amount exceeding Rs. 600,000
3.	Where taxable income exceeds Rs. 1,200,000 but does not exceed Rs. 1,800,000	Rs. 30,000 plus 10% of the amount exceeding Rs. 1,200,000
4.	Where taxable income exceeds Rs. 1,800,000 but does not exceed Rs. 2,500,000	Rs. 90,000 plus 15% of the amount exceeding Rs. 1,800,000
5.	Where taxable income exceeds Rs. 2,500,000 but does not exceed Rs. 3,500,000	Rs. 195,000 plus 17.5% of the amount exceeding Rs. 2,500,000
6.	Where taxable income exceeds Rs. 3,500,000 but does not exceed Rs. 5,000,000	Rs. 370,000 plus 20% of the amount exceeding Rs. 3,500,000
7.	Where taxable income exceeds Rs. 5,000,000 but does not exceed Rs. 8,000,000	Rs. 670,000 plus 22.5% of the amount exceeding Rs. 5,000,000
8.	Where taxable income exceeds Rs. 8,000,000 but does not exceed Rs. 12,000,000	Rs. 1,345,000 plus 25% of the amount exceeding Rs.8,000,000
9.	Where taxable income exceeds Rs. 12,000,000 but does not exceed Rs.30,000,000	Rs. 2,345,000 plus 27.5% of the amount exceeding Rs.12,000,000
10.	Where taxable income exceeds Rs. 30,000,000 but does not exceed Rs.50,000,000	Rs. 7,295,000 plus 30% of the amount exceeding Rs. 30,000,000
11.	Where taxable income exceeds Rs. 50,000,000 but does not exceed Rs.75,000,000	Rs. 13,295,000 plus 32.5% of the amount exceeding Rs. 50,000,000
12.	Where taxable income exceeds Rs.75,000,000	Rs. 21,420,000 plus 35% of the amount exceeding Rs. 75,000,000

2. Tax rates for individuals [Division I, Part I]

(other than salaried individuals) and Association of Persons [Division I, Part I] The tax rates for individuals and association of persons have been revised effective from 01 July 2019. The new tax rates applicable for tax year 2020 are tabulated below:

S.No	Taxable income	Rate of tax
1.	Where the taxable income does not exceed Rs. 400,000	0%
2.	Where the taxable income exceeds Rs. 400,000 but does not exceed Rs.600,000	5% of the amount exceeding Rs. 400,000
3.	Where taxable income exceeds Rs. 600,000 but does not exceed Rs. 1,200,000	Rs. 10,000 plus 10% of the amount exceeding Rs. 600,000
4.	Where the taxable income exceeds Rs.1,200,000 but does not exceed Rs.2,400,000	Rs. 70,000 plus 15% of the amount exceeding Rs.1,200,000
5.	Where the taxable income exceeds Rs.2,400,000 but does not exceed Rs.3,000,000	Rs. 250,000 + 20% of the amount exceeding Rs.2,400,000
6.	Where the taxable income exceeds Rs.3,000,000 but does not exceed Rs.4,000,000	Rs.370,000 + 25% of the amount exceeding Rs.3,000,000
7.	Where taxable income exceeds Rs. 4,000,000 but does not exceed Rs.60,00,000/-	Rs. 620,000 plus 30% of the amount exceeding Rs.40,00,000
8.	Where taxable income exceeds Rs. 6,000,000	Rs. 12,20,000 plus 35% of the amount exceeding Rs.60,00,000

3. Rates of tax on companies [Division II, Part I]

The rate of tax on company is 29% for tax year 2019 and onward. Banking Company shall continue to be taxed at the rate of 35%.

4. Tax rate for small company [Division II, Part I]

Tax Year	Rate
2019	24%
2020	23%
2021	22%
2022	21%
2023 and onward	20%

5. Tax rates for individuals and association of persons in respect of income from property [Division VIA, Part I]

Tax rates applicable on income from property derived by an individual or association of persons are as follows:

S.No.	Category	Rate
1	Where gross amount of rent is upto Rs.200,000	Nil
2	Where gross amount of rent exceeds Rs. 200,000 but does not exceed Rs. 600,000	5% of the amount exceeding Rs. 200,000
3	Where gross amount of rent exceeds Rs. 600,000 but does not exceed Rs. 1,000,000	Rs.20,000+ 10% of the amount exceeding Rs. 600,000
4	Where gross amount of rent exceeds Rs. 1,000,000 but does not exceed Rs. 2,000,000	Rs.60,000+ 15% of the amount exceeding Rs. 1,000,000
5	Where gross amount of rent exceeds Rs.2,000,000 but does not exceed 4,000,000	Rs.210,000 + 20% of the amount exceeding Rs. 2,000,000
6	Where the gross amount of rent exceeds Rs.4,000,000 but does not exceed Rs.6,000,000.	Rs.610,000 plus 25 per cent of the gross amount exceeding Rs.4,000,000
7	Where the gross amount of rent exceeds Rs.6,000,000 but does not exceed Rs.8,000,000	Rs.1,110,000 plus 30 per cent of the gross amount exceeding Rs.6,000,000
8	Where the gross amount of rent exceeds Rs.8,000,000	Rs.1,710,000 plus 35 percent of the gross amount exceeding Rs.8,000,000

6. Capital gains on disposal of securities [Division VII, Part I]

The new tax rates on capital gain on disposal of listed securities are tabulated below:

S.No.	Period	Tax Year 2015	Tax Year 2016	Tax Year 2017	Tax Years 2018, 2019 and 2020	
					Securities acquired before 01.07.2016	Securities acquired after 01.07.2016
(1)	(2)	(3)	(4)	(5)	(6)	(7)
1	Where holding period of a security is less than twelve months	12.5%	15%	15%	15%	15%
2	Where holding period of a security is twelve months or more but less than twenty-four months	10%	12.5%	12.5%	12.5%	
3	Where holding period of a security is twentyfour months or more but the security was acquired on or after 1st July, 2013.	0%	7.5%	7.5%	7.5%	
4	Where the security was acquired before 1st July 2013	0%	0%	0%	0%	0%
5	Future commodity contracts entered into by the members of Pakistan Mercantile Exchange	0%	0%	5%	5%	5%; and

7. Capital gains on disposal of Immovable Properties [Division VIII, Part I]

The new tax rates on capital gain on disposal of Immovable Properties are tabulated below:

S.No.	Amount of gain	Rate
1.	Where the gain does not exceed Rs. 5 million	5%
2.	Where the gain exceeds Rs. 5 million but does not exceed Rs. 10 million	10%
3.	Where the gain exceeds Rs. 10 million but does not exceed Rs. 15 million	15%
4	Where the gain exceeds Rs. 15 million	20%