



# UNIVERSITY OF THE PUNJAB

B.S. 4 Years Program : Third Semester – Fall 2021

Roll No. ....

Paper: Income Tax Law

Course Code: COMM-203

Time: 3 Hrs. Marks: 60

**Q.1. Answers the following short questions: (6x5=30)**

- A) Accumulated profit
- B) What are legal provision governing the Residential status of Individual, AOP and Company
- C) Non-Profit organization
- D) Startup
- E) Discuss the legal provisions governing the exemption of pensions
- F) Discuss the legal provisions governing the exemption of profits and gains from a transmission line profits

**Answers the following questions. (3x10=30)**

**Q.2** "Federal Board of Revenue is the highest executive authority in the administration of income tax law" Discuss in detail.

**Q.3** Discuss the various types of reliefs and allowance which can be claimed as tax credits by an individual.

**Q # 4** From the following particulars of Mr. Nauman for the year ended 30<sup>th</sup> June 2021, Calculate taxable income and tax payable by him.

Basic salary (Rs 45000-2000-75000)	Rs 65000 per month
Special pay	4000 per month
Bonus for the year	25000
Special additional allowance	2000 per month
Travelling allowance	12000
Conveyance allowance	4000 per month
Medical allowance	3800 per month
Free provision of gas and electricity	29000
Agricultural income	100000
Leave encashment during the year	150000
Zakat deducted	70000
Tax paid by the employer	10000
Dividend income	25000
Free coupon for family dinner	50000
Purchase of air ticket	160000
Purchase of shares of public company	120000
Donation to Punjab University	50000

**Notes:**

1. Mr. Nauman is provided a car by the employer for personal purposes only. The car was purchased at a cost of Rs 1500000 by employer.
2. Mr. Nauman contributed Rs. 40000 to recognized provident fund. Equal amount is contributed by employer. Interest credited on recognized provident fund Rs. 15000 @ 13% per annum
3. A refrigerator has also been provided by the employer only for the use of employee costing Rs 120000, on which the employer charged depreciation @15% p.a.
4. He is also provided a rent free accommodation by her employer.
5. During the year he has also received a loan of Rs 1300000 at the rate of 8% p.a.
6. Withholding tax paid on purchase of the air ticket Rs 7000.
7. Gain on sale of shares of private company Rs 30000. Holding period is more than 12 months.
8. Education expenses of his two children Rs 65000 each paid by his employer

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**Tax Rates for Individual Salaried Persons- Tax year 2021**

Sr. #	Taxable Income	Rate of Tax
1	Up to Rs 600000	0%
2	Exceeds Rs 600000 and up to Rs 1200000	5% of amount exceeds Rs 600000
3	Exceeds Rs 1200000 and up to Rs 1800000	Rs 30000+ 10% of amount exceeds Rs 1200000
4	Exceeds Rs 1800000 and up to Rs 2500000	Rs 90000+ 15% of amount exceeds Rs 1800000
5	Exceeds Rs 2500000 and up to Rs 3500000	Rs 195000+ 17.5% of amount exceeds Rs 2500000
6	Exceeds Rs 3500000 and up to Rs 5000000	Rs 370000+ 20% of amount exceeds Rs 3500000

**Tax Rates for Individual Non-Salaried Persons- Tax year 2021**

Sr. #	Taxable Income	Rate of Tax
1	Up to Rs 400000	0%
2	Exceeds Rs 400000 and up to Rs 600000	5% of amount exceeds Rs 400000
3	Exceeds Rs 600000 and up to Rs 1200000	Rs 10000+ 10% of amount exceeds Rs 600000
4	Exceeds Rs 1200000 and up to Rs 2400000	Rs 70000+ 15% of amount exceeds Rs 1200000
5	Exceeds Rs 2400000 and up to Rs 3000000	Rs 250000+ 20% of amount exceeds Rs 2400000
6	Exceeds Rs 3000000 and up to Rs 4000000	Rs 370000+ 25% of amount exceeds Rs 3000000