



**UNIVERSITY OF THE PUNJAB**  
Associate Degree in Commerce / B.Com. Part – II  
2<sup>nd</sup> Annual – 2020 & Annual – 2021

Roll No. ....  
Time: 3 Hrs. Marks: 100

Subject: Business Taxation

Paper: BC-405

**NOTE: Attempt any FIVE questions including Question No.8 which is compulsory.  
All questions carry equal marks.**

**Q1. Define and explain the following terms with reference to Income Tax Ordinance 2001:**

- Industrial Undertaking
- Principal Officer
- Company
- Accumulated Profit

**Q2. Discuss the Legal Provisions regarding Exemption of the following under Income Tax Ordinance 2001:**

- Pension
- Profit on debt
- Medical charges
- Agricultural income

**Q3. Discuss the various types of reliefs and tax credits which can be claimed by a tax payer.**

**Q4. What are the conditions laid down under the Income Tax Ordinance 2001 for depreciation allowance?**

**Q5. Discuss the composition and functions of Appellate Tribunal Inland Revenue.**

**Q6. Define and explain the following terms with reference to Sales Tax Act 1990:-**

- Value of supply
- Tax Invoice
- Return
- Appellate Tribunal

**Q7. Compute the sales tax liability of Mr. Umer Niaz a registered manufacturer for the month of August 2020 with the help of following details:**

1. Supplies to registered persons	Rs. 30,00,000
2. Supplies against international tender	275,000
3. Taxable supplies @ 30% discount (not normal business practice)	155,000
4. Export sales	300,000
5. Supplies of goods specified in 6 <sup>th</sup> schedule	280,000
6. Taxable supplies to associated persons (open market price Rs 180,000)	140,000
7. Supplies to non-registered persons (inclusive sales tax)	150,000

8. Credit note issued for taxable supplies	95,000
9. Free replacement of faulty parts on request from customer under warranty	150,000
10. Purchase from registered persons (Tax invoice include of Rs. 260,000 issued in the name of Mr. Abu bakar friend)	14,00,000
11. Purchase of gift items from customers	75,000
12. Unsold stock purchased 30 days before the application of registration	165,000
13. Acquisition of fixed asset for the month of July 2020	900,000
14. Imported taxed goods (bill of entry is not available)	130,000
15. Sales tax paid on electricity bills payment through cash (NTN is printed on bill)	90,000
16. Penalty and arrears payable	60,000

Q8. Determine taxable income and tax payable of Mr. Shahid Mehmood for the tax year ended 30<sup>th</sup> June 2020 from information provided:

1. Basic salary	Rs. 40,000 p.m.
2. Bonus	100,000
3. Pay in lieu of leave	90,000
4. Salary of watchman, gardener and sweeper paid by employer	40,000
5. Contribution by employer in approved superannuation fund	10,000
6. Entertainment provided during training session	25,000
7. Rental income from property	300,000
8. Income from fish farming business	70,000
9. Profit on sale of inherited jewelry (holding period within 12 months)	35,000
10. Compensation on delay refund	20,000
11. Interest free loan from friend through crossed cheque	15,00,000
12. Contribution to approved pension fund	180,000
13. Tax deducted at source from salary	15,000

Notes:

- He is provided with rent free unfurnished accommodation.
- Share from AOP Rs. 75,000
- He is provided chauffer driven car by the employer partly for private use. Cost of car is Rs.13,00,000
- Donation to Pakistan Red Crescent Society approved under clause 61 of Schedule II is Rs. 160,000
- Donation to Bait ul Mal Fund Rs. 150,000

Taxable Income	Rate of Tax
Taxable income exceeds Rs 600,000 but does not exceed Rs. 12,00,000	5% of amount exceeding Rs. 600,000
Taxable income exceeds Rs 12,00,000 but does not exceed Rs. 18,00,000	Rs. 30,000 + 10% of amount exceeding Rs. 12,00,000