



**THE INSTITUTE OF CERTIFIED PUBLIC ACCOUNTANTS OF
PAKISTAN (ICPAP)**

Stage	Skills	Course Code	S-401
Examination	Winter-2011	Course Name	Taxation Laws
Time Allowed	03 Hours	Maximum Marks	100
NOTES: 1. All questions are to be attempted. 2. Answers are expected to be precise, to the point and well written. 3. Neatness and style will be taken into account in marking the papers.			

Question No 1:

Define:-

- a) Assessment Year (3 marks)
- b) Agriculture Income (4 marks)
- c) Capital Asset (3 marks)
- d) Company (4 marks)
- e) Person (3 marks)
- f) Input Tax (3 marks)

Question No 2:

The following information in respect of Mr. Wajid Hanif is available in respect of tax year ended 30th June 2011:

- 1. Basic salary Rs 1,50,000
- 2. Bonus 50,000
- 3. Gain on sale of public company shares (holding period more than one year) 20,000
- 4. House rent allowance 95,000
- 5. Conveyance allowance 60,000
- 6. Gift received from mother 70,000
- 7. Property income 1,20,000
- 8. Leave encashment during the service 19,200
- 9. Donation to Bait-ul-Mal 35,000
- 10. Interest free loan obtained from the employee 80,000
- 11. Exemptions claimed:
 - a) Life insurance premium paid by employee 15,000
 - b) Personal legal expenditures 25,000
 - c) Defence saving certificate purchased 30,000

12. Agriculture income 1,00,000

Required: Compute taxable income and tax payable.

(20 marks)

Question No 3:

From the following data, compute the taxable income and tax payable of Mr. Waqas Ahmad for the tax year ended 30th June 2011.

1. Income from property	Rs 2,80,000
2. Un Adjustable advance rent received	1,40,000
3. Income from business	3,00,000
4. Profit on sale of timber purchased and sold in lot by a cloth dealer	70,000
5. Winning from lottery	12,000
6. Profit on sale of inherited house	30,000
7. Gift received from father	25,000
8. Share of profit from AOP	10,000
9. Loss from speculation in shares	5,000
10. Dividends from listed company	8,000
11. Investments made in shares of listed companies	20,000
12. Tax paid on cash withdrawal from bank	2,000
13. Zakat paid	28,000

(20 marks)

Question No 4:

Messrs Falak, Fahim and Hassam are partners in a registered firm sharing profit and loss equally. The profit and loss account of the firm for the tax year ended 30th June 2011 is as under:

	Rs		Rs
General expenses	6,000	Gross profit	1,50,000
Income tax	10,000	Income from property	23,000
Interest on capital:			
Falak	4,000		
Fahim	6,000		
Hassam	8,000		
Salary of Falak	5,000		
Rent of office premises paid to Fahim	2,000		
Life Insurance Premium:			
Falak	1,500		
Fahim	3,000		
Hassam	7,500		
Provision for doubtful debts	1,000		
Net profit	<u>1,19,000</u>		
	<u>1,73,000</u>		<u>1,73,000</u>

Notes

1. General expenses include Rs 4,000 legal charges for drawing up a new partnership deed.
2. The other income of the partners was as follows:

Falak

- a) Interest from govt. securities (net)

Rs.63,000

b) Dividends	40,000
c) Income from property	47,000
Fahim	
a) Interest from govt. securities (gross)	30,000
b) Dividends	20,000
c) Income from property	80,000
Hassam	
a) Interest from govt. securities (net)	81,000
b) Brokerage and commission	10,000
c) Gain on sale of shares of private company (Disposed off within 12 months)	1,80,000

Required: Compute the taxable income of the firm, partners' taxable income and tax payable.

(20 marks)

Question No 5:

- i. Mr. Zahid Hanif is a wholesaler of refrigerators. Data regarding his business for the month of August 2011 is as follows:
- 50 refrigerators purchased from a registered manufacturer @ Rs. 10,000 per refrigerator
 - 45 refrigerators were sold to registered persons @ Rs. 12,000 per refrigerator
 - One refrigerator kept for personal use (free sample)
 - One refrigerator donated to recognized educational institution
 - 3 refrigerators were sold to non-registered persons @ Rs. 12,000 per refrigerator
- Required: Compute the amount of sales tax payable.

(10 marks)

- ii. Mr Falak Sher is a registered manufacturer. Data regarding his business during August 2011 is given below:
- Taxable turnover to non-registered person Rs. 20,00,000
 - Taxable turnover to non-registered person 1,50,000
 - Sales to retailers 1,20,000
 - Exempted sales 1,80,000
 - Supplies to DTRE registered person 2,50,000
 - Zero rated supply 1,00,000
 - Taxable purchases from registered person 2,00,000
 - Taxable purchases from non-registered person 2,50,000
 - Taxable purchases from wholesaler 90,000
 - Purchased raw material (used taxable and exempt supplies) 2,00,000
 - Carry forward of input tax from previous month 25,000
 - Sales tax paid on electricity bill 40,000
 - General sales tax paid on Sui Gas bill 20,000
- Note: Sales tax registration number is printed on utility bills.
Calculate his sales tax liability for August 2011.

(10 marks)

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