

**QUESTION PAPER 2014**

**Attempt any FIVE questions including Question No. 8, which is compulsory.**  
**All questions carry equals marks.**

**Subject: Business Taxation**

**TIME ALLOWED: 3 hrs.**

**PAPER: BC-405**

**MAX. MARKS: 100**

**Q.1. Define and explain the following terms with reference to Income Tax Ordinance 2001.**

- a) Income
- (b) Industrial undertaking
- c) Principal Officer
- (d) Tax year

**Q.2** What is meant by Agricultural Income? Is it taxable in Pakistan? Give at least six examples of agricultural income and non-agricultural income.

**Q.3** Discuss in detail the tax treatment under the Income Tax Ordinance 2001, for the following facilities provided by employer to the employee's

- a) Accommodation
- b) Conveyance
- c) Loan to employees
- d) Medical, hospitalization fees and expenses

**Q.4 a)** What do you mean by "Rent Chargeable to tax?"

- b) List down income from property exempt from tax.
- c) List down income from property not taxable under section 15.

**Q.5** Explain in detail the provisions of Income Tax Ordinance 2001, in respect of appeal to Appellate Tribunal and the Composition of the Appellate Tribunal.

**Q.6** Define and explain the following terms under the Sales Tax Act, 1990:

- a) Arrears
- b) Manufacture
- c) Taxable activity
- d) Time of supply

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**Q.7. From the following data of Mr. Mubarik, a registered manufacturer of goods, calculate his liability of sales tax for August 2013:**

		Rs.
1.	Sales to registered persons	5,100,000
2.	Supplies to DTRE registered person	200,000
3.	Export sales	450,000
4.	Sales to wholesalers	300,000
5.	Sales tax debit	70,000
6.	Supplies made for personal use (inclusive of sales tax)	100,000
7.	Supplies donated to charitable institution	350,000
8.	Taxable purchases from registered person	400,000
9.	Imported goods	340,000
10.	Purchases from retailers	260,000
11.	Acquisition of machinery and plant from registered persons	1,300,000
12.	Sales tax paid on electricity bills	80,000
13.	Sales tax paid on Sui Gas bills	120,000
14.	Taxable purchases in auction sale (purchases include Rs. 2,00,000 in respect of which treasury challan is not available)	1,500,000

**Note:** National Tax Number is printed on utility bills.

**Q.8. Mr. Muhammad Hussain is the Chief Accountant of Star Industries Limited, Lahore he, has furnished the following particulars of his income for the tax year ended 30th June 2013.**

1.	Basic salary	580,000
2.	Commission	120,000
3.	Senior post allowance	30,000
4.	Lunch facility	10,000
5.	Leave encashment	20,000
6.	Income from property	200,000
7.	Adhoc relief	51,000
8.	Fees for refresher course paid by employer	25,000
9.	Concessional loan benefit @ 8%	600,000
10.	Income from business	80,000
11.	Hotel bills paid by the company relating to a pleasure trip	20,000
12.	Shares from association of person	32,000
13.	Donation to Allama Iqbal Open University	100,000

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**Note:** Mr. Muhammad Hussain was provided rent free furnished accommodation by his employer. He was entitled to an accommodation allowance of Rs. 25,000 per if this accommodation was not provided to him.

Required: Calculate tax payable by Mr. Muhammad Hussain.

S.No.	Taxable Income	Rate of Tax
1.	Rs. 400,000 to Rs. 750,000	5% of amount exceeding Rs. 400,000
2.	Rs. 750,000 to Rs. 1,500,000	Rs 17,500 +10% of the amount exceeding RS 750,000
3.	Rs. 1,500,000 to Rs. 2,000,000	Rs 95,000 +15% of the amount exceeding RS 1,500,000