

1. From the following data, calculate Income Tax payable by Mr. Saad for the tax year ending 30<sup>th</sup> June 2010. 20
  - i) Basic salary Rs. 26000 P.M. in the scale Rs.20,000 - 2,000 - 40,000.)
  - ii) Bonus Rs. 88,000.
  - iii) Medical allowance Rs.35,000.
  - iv) House rent allowance at 50% of basic salary drawn.
  - v) Gas and electricity allowance Rs. 20,000.
  - vi) Yield received on a National Savings Deposit Certificate Rs. 10,000.
  - vii) Zakat was deducted Rs. 40,800.
  - viii) Qualification Pay Rs. 25000.
  - ix) Overtime Payment received from employer Rs. 10,000.
  - x) Agricultural Income Rs. 50,000.
  - xi) Special Relief Allowance Rs. 30,000.
  - xii) Lahore Club Membership fee paid by employer Rs. 12,000.
  - xiii) Telephone Bills paid by employee himself Rs. 20,000(Tax paid with telephone bills Rs. 400).
  - xiv) Tax paid on cash withdrawal from bank Rs. 2,000.
2. Define the following terms with reference to income tax ordinance 2001. 20
  - i) AGRICULTURAL INCOME                      ii) CAPITAL ASSET
  - iii) TAX YEAR                                      iv) COMPANY
- 3- Explain the legal provisions governing the exemption of the following under the second schedule of Income Tax Ordinance 2001. 20
  - i) PENSIONS                                      ii) AMOUNT OF GRATUITY
  - iii) SPECIAL ALLOWANCE
- 4- What is PROVIDENT FUND? Discuss the treatment of various types of provident fund for inclusion in total income and exemption from income tax. 20
- 5- Explain specifically at least ten allowable deductions under the head "Income from business or profession" under section 20 of Income Tax Ordinance 2001. 20
- 6- Discuss the Powers, and Functions of COMMISSIONER of INCOME TAX. 20
- 7- a) What does the word "ASSESSMENT" signifies? 20  
b) Write short notes on the following:
  - i) PROVISIONAL ASSESSMENT
  - ii) RETURN OF INCOME AS ASSESSMENT
  - iii) AMENDMENT IN ASSESSMENT
- 8- Define and explain the following terms with reference to SALE TAX ACT: 20
  - i) ASSOCIATED PERSONS
  - ii) INPUT TAX
  - iii) WHOLE SALER
  - iv) ZERO RATED SUPPLY
- 9- Mr. Masood is an importer. Data regarding his business for September 2009 is as under: 20

a) Invoice value of imported goods	Rs. 250,000
b) Value determined for customs, duty at the stage of import	Rs. 350,000
c) Customs Duty	Rs. 100,000
d) Federal Excise Duty	Rs. 50,000
e) Taxable supplies to registered person	Rs. 800,000

**Required:** Calculate Sales Tax Payable

Taxable Income	Rate of Tax
a) Rs.450,001 to Rs. 550,000	3.5%
b) Rs. 550,001 to Rs. 650,000	4.5%
c) Rs. 650,001 to Rs. 750,000	6.00%