

*Composed & Solved*  
*Laiba Butt & Qazi Umer (1 Nation)*  
*Vu Askari Team*  
[www.vuaskari.com](http://www.vuaskari.com)

## **FIN623 5 PAPERS SOLVED BY LAIBA BUTT & QAZI UMER**

### **PAPER NUMBER 1**

**FINAL TERM EXAMINATION**

**Spring 2009**

**FIN623- Taxation Management (Session - 1)**

**Marks: 81**

**Question No: 1 ( Marks: 1 ) - Please choose one**

\_\_\_\_\_ is a type of tax where the tax rate increases as the income to which the rate is applied increases.

Proportional tax

**Progressive tax**

Regressive tax

Corporate tax

**REFERENCE:**

*Note: Solve these papers by yourself*

*This VU Group is not responsible for any solved content*

[www.vuaskari.com](http://www.vuaskari.com)

*Composed & Solved*  
***Laiba Butt & Qazi Umer (1 Nation)***  
*Vu Askari Team*  
[www.vuaskari.com](http://www.vuaskari.com)

[http://en.wikipedia.org/wiki/Progressive\\_tax](http://en.wikipedia.org/wiki/Progressive_tax)

**A progressive tax is a tax by which the tax rate increases as the taxable base amount increases.**

**Handouts pagr#3**

**Question No: 2 ( Marks: 1 ) - Please choose one**

If the accounting year of Mr. Aslam, a rice exporter is started from 01 January 2005 and ending on 31st December 2005. What will be its tax year?

Tax year 2003

Tax year 2004

Tax year 2005

**Tax year 2006**

**Question No: 3 ( Marks: 1 ) - Please choose one**

In case of lump sum receipt of income like Golden hand shake the tax payer pays tax in which of the following way?

**Average of last 3 years tax rate**

Option to choose current or average of last 3 years tax rate

Current tax rate

Previous year tax rate

**REFERENCE:**

Tax payer can opt to seek approval from CIT to charge lump sum payments received in a tax year at average tax rate of last three years

**Question No: 4 ( Marks: 1 ) - Please choose one**

Which of the following methods of accounting is compulsory to adopt for Firm?

**► Accrual Basis**

**Note: Solve these papers by yourself**

**This VU Group is not responsible for any solved content**

[www.vuaskari.com](http://www.vuaskari.com)

*Composed & Solved*  
***Laiba Butt & Qazi Umer (1 Nation)***  
*Vu Askari Team*  
[www.vuaskari.com](http://www.vuaskari.com)

- ▶ Cash Basis
- ▶ Both Accrual and Cash Basis
- ▶ Free to choose any kind of base

**REFERENCE:**

Handouts page#18

- For Companies 'Accrual Basis' method of accounting is compulsory [Section 32(2)]

**Question No: 5 ( Marks: 1 ) - Please choose one**

Suppose a Profit acquired by a cultivator from the sale of standing crops or the produce after harvesting. The profit of the cultivator will be treated in which of the following way?

Income from Business

**Agriculture Income**

Income from Property

Capital Gain

**REFERENCE:**

**Following Income are held to be "Agricultural Income"**

- If denuded parts of the forest are replanted and subsequent operations in forestry is carried out the income arising from the sale of replanted trees.
- The fees collected from owners of cattle (normally used for agricultural purpose) for allowing them to graze on forest lands covered by jungle and grass grown spontaneously.
- Profit on sale of standing crops or the produce after harvest by a cultivating owner or tenant of land

Handouts Page#20

**.Question No: 6 ( Marks: 1 ) - Please choose one**

If person supplying water to the land for the purpose of growing rice in the field and he charged money from the cultivator against the water supplied.

What will be the tax treatment of such income?

**Note: Solve these papers by yourself**  
**This VU Group is not responsible for any solved content**  
[www.vuaskari.com](http://www.vuaskari.com)

**Composed & Solved**  
**Laiba Butt & Qazi Umer (1 Nation)**  
**Vu Askari Team**  
[www.vuaskari.com](http://www.vuaskari.com)

Exempt as Agriculture Income

Allowed Reduction in tax rate

Allowed reduction in tax liability

**Taxable as Non-Agriculture Income**

**REFERENCE:**

**Following Incomes are held to be “Non-Agricultural Income”**

- ☐ Income from spontaneous forest
- ☐ Income from sale of fruits and flowers growing on land naturally, spontaneously, and without the intervention of human agency
- ☐ Interest on arrears of rent payable in respect of agricultural land as it is neither “rent” nor “revenue” derived from land.
- ☐ Interest accrued on promissory notes obtained by a zamindar from defaulting tenants.
- ☐ Income from sale of wild grass and weeds of spontaneous growth
- ☐ Profit accruing from the purchase of standing crops and resale of it after harvest by a merchant having no interest in land except a mere license to enter upon the land and gather upon the produce, land is not direct, immediate or effective source of income.
- ☐ Interest received by a money-lender in the form of agriculture produce.
- ☐ Income from sale of agricultural produce received by way of price for water supplied to land.

Handouts Page # 19

**Question No: 7 ( Marks: 1 ) - Please choose one**

Mr. Imran is an employee of Provincial Government of Punjab posted in UK for two years? What will be the residential status of Mr. Imran?

**Resident Individual**

Non-Resident Individual

Resident HUF

**Note: Solve these papers by yourself**  
**This VU Group is not responsible for any solved content**  
[www.vuaskari.com](http://www.vuaskari.com)

**Composed & Solved**  
**Laiba Butt & Qazi Umer (1 Nation)**  
**Vu Askari Team**  
[www.vuaskari.com](http://www.vuaskari.com)

Resident AOP

**REFERENCE:**

**Resident Individual (Section 82)**

- An individual shall be a resident individual for a tax year if the individual-
- is present in Pakistan for a period of, or periods amounting in aggregate to, one hundred and eighty-three days or more in the tax year; or
- Is an employee or official of the Federal Government or a Provincial Government posted abroad in the tax year?

**Question No: 8 ( Marks: 1 ) - Please choose one**

For a non-resident AOP which of the following condition must be satisfied?

Control and management of affairs of AOP is situated partly in Pakistan

Control and management of affairs of AOP is situated wholly in Pakistan

Control and management of affairs of AOP is situated wholly or partly in Pakistan

None of the given options.

**REFERENCE:**

**Residential Status of “Association of Person”**

Under the law a Firm, HUF, etc. are placed under the head AOP

Control and management of affairs of AOP is situated wholly or partly in Pakistan

**Theory of Control and Management**

- If Control and Management of affairs of a company lies in Pakistan, it is Resident Company, even if not incorporated in Pakistan
- Control & Management refers to management of vital affairs/Policy Making Decisions of the company

**Question No: 9 ( Marks: 1 ) - Please choose one**

What is the tax treatment of the reimbursement of expenditure made by the employer?

**Note: Solve these papers by yourself**

**This VU Group is not responsible for any solved content**

[www.vuaskari.com](http://www.vuaskari.com)

*Composed & Solved*  
*Laiba Butt & Qazi Umer (1 Nation)*  
*Vu Askari Team*  
[www.vuaskari.com](http://www.vuaskari.com)

**Wholly Taxable**

Wholly exempt

Partly Taxable

Not mentioned in Income Tax Ordinance 2001

**REFERENCE:**

Handouts page#39

**Question No: 10 ( Marks: 1 ) - Please choose one**

What is the tax treatment of the leave encashment of the armed forces of Pakistan on retirement made by the employer?

Wholly Taxable

**Wholly exempt**

Partly Taxable`

Not mention in Income Tax Ordinance 2001

**REFERENCE:**

<http://finosys.com/incometax/itaxord2001/sections/sch2.htm#s2p1>

Point#9 in above link

**Question No: 11 ( Marks: 1 ) - Please choose one**

As part of remuneration package, a company provides for reimbursement of telephone costs on actual basis to its employees in case the facility is used for official purposes only, what are the tax consequences of this policy?

**Treated as taxable**

*Note: Solve these papers by yourself*  
*This VU Group is not responsible for any solved content*  
[www.vuaskari.com](http://www.vuaskari.com)

*Composed & Solved*  
*Laiba Butt & Qazi Umer (1 Nation)*  
*Vu Askari Team*  
[www.vuaskari.com](http://www.vuaskari.com)

No tax consequences

Partially taxable

Not discussed in Income Tax Ordinance 2001

**REFERENCE:**

Handouts page#39

**Question No: 12 ( Marks: 1 ) - Please choose one**

MTS stands for which of the following?

**Minimum time scale**

Minimum transfer Salary

Maximum time scale

Maximum transfer Salary

**REFERENCE:**

**Concept of MTS (Minimum of Time Scale):**

Handouts page#44

**Question No: 13 ( Marks: 1 ) - Please choose one**

Condition for the approval of gratuity fund is based on which of the following?

**Trust is irrevocable**

Trust is revocable

Trust is established by Government

Trust is approved by Officer of Income Tax

**REFERENCE:**

*Note: Solve these papers by yourself*

*This VU Group is not responsible for any solved content*

[www.vuaskari.com](http://www.vuaskari.com)

*Composed & Solved*  
*Laiba Butt & Qazi Umer (1 Nation)*  
*Vu Askari Team*  
[www.vuaskari.com](http://www.vuaskari.com)

Handouts Page#55

**Question No: 14 ( Marks: 1 ) - Please choose one**

Clause (10) and (11) of Part 1 of second schedule related to Pension are omitted by which of the following?

Finance Ordinance 2004

Finance Ordinance 2005

**Finance Bill 2006**

Finance Bill 2007

**Question No: 15 ( Marks: 1 ) - Please choose one**

Which of the following is the tax treatment for Income from property received as a rent for the year 2007?

1 /4 of the rent is deduct able as repairs allowance

1 /2 of the rent is deduct able as repairs allowance

**1 /5 of the rent is deduct able as repairs allowance**

No deduction is allowed

**Question No: 16 ( Marks: 1 ) - Please choose one**

A non adjustable advance is received from a building as income from property. Such rent will be spread in how many of the following years?

5 years

6years

8 years

**10 years**

**REFERENCE:**

*Note: Solve these papers by yourself*  
*This VU Group is not responsible for any solved content*  
[www.vuaskari.com](http://www.vuaskari.com)



*Composed & Solved*  
***Laiba Butt & Qazi Umer (1 Nation)***  
*Vu Askari Team*  
[www.vuaskari.com](http://www.vuaskari.com)

**Treatment of Non-Adjustable Amounts Received in Relation to Buildings**

These amounts shall be treated as rent and chargeable to tax under the head “income from property”. These amounts are spread over a period of 10 years, It is adjustable as Rent.

**Question No: 17 ( Marks: 1 ) - Please choose one**

Under clause (93 A) of the Part 1 of second schedule of Income Tax Ordinance 2001, which of the following business income is exempted from tax?

Income of a Text-Book Board

University or Educational Institution established not for profit purpose

**Recognized Vocational Institute**

Income of Recognized Sports Board

**REFERENCE:**

**Exemptions on Business income Under Part 1 of second schedule**

**Clause Exempt Income**

(91) Income of a Text-Book Board.

(92) University or Educational Institution established not for profit purpose.

(93) Recognized Computer Training Institution.

**(93A) Recognized Vocational Institute.**

(98) Income of Recognized Sports Board.

(100) Income of Modaraba Companies.

**Handouts page#66**

**Question No: 18 ( Marks: 1 ) - Please choose one**

Head Income from property section 15 defines land as:

Constructed building

Block of brick

Vacant plot

**None of the given options**

**Note: Solve these papers by yourself**  
**This VU Group is not responsible for any solved content**  
[www.vuaskari.com](http://www.vuaskari.com)

**Composed & Solved**  
**Laiba Butt & Qazi Umer (1 Nation)**  
**Vu Askari Team**  
[www.vuaskari.com](http://www.vuaskari.com)

**REFERENCE:**

Taxation of rental income arising from use and exploitation of immovable property

**‘Income from**

**Property’** includes Rent received or receivable by a person in a tax year other than rent exempt from tax.

Sec 15 (1)

**Rent** means any income received or receivable by the owner of land or building as consideration for:

- ⌚ Use of land or building
- ⌚ Occupation of land or building
- ⌚ Right to use the land or building

**Question No: 19 ( Marks: 1 ) - Please choose one**

One of the following options doesn't come under the definition of Business income section 2 (9):

Trade

Commerce

Profession

**Employment**

**REFERENCE:**

[http://www.google.com.pk/#hl=en&q=Business+includes+any+trade%2C+commerce%2C+manufacture%2C+profession%2C+vocation+but+doesn%E2%80%99t+include+employment%E2%80%9D&oq=Business+includes+any+trade%2C+commerce%2C+manufacture%2C+profession%2C+vocation+but+doesn%E2%80%99t+include+employment%E2%80%9D&aq=f&aql=&aql=&gs\\_sm=s&gs\\_upl=39921413992141511110101010101010&fp=d04064309bb77edf&biw=800&bih=410](http://www.google.com.pk/#hl=en&q=Business+includes+any+trade%2C+commerce%2C+manufacture%2C+profession%2C+vocation+but+doesn%E2%80%99t+include+employment%E2%80%9D&oq=Business+includes+any+trade%2C+commerce%2C+manufacture%2C+profession%2C+vocation+but+doesn%E2%80%99t+include+employment%E2%80%9D&aq=f&aql=&aql=&gs_sm=s&gs_upl=39921413992141511110101010101010&fp=d04064309bb77edf&biw=800&bih=410)

**Heading Income from Business Profession in the above given link**

**Question No: 20 ( Marks: 1 ) - Please choose one**

Which one of the following section defines Income under the head Income from

**Note: Solve these papers by yourself**

**This VU Group is not responsible for any solved content**

[www.vuaskari.com](http://www.vuaskari.com)

*Composed & Solved*  
*Laiba Butt & Qazi Umer (1 Nation)*  
*Vu Askari Team*  
[www.vuaskari.com](http://www.vuaskari.com)

Business section 18?

**Section 2(9)**

Section 2(29)

Section 75

Section 2(15)

**Question No: 21 ( Marks: 1 ) - Please choose one**

Which of the following section deals with the deductions Not allowed to income from business?

Section 2 (9)

Section 20

**Section 21**

Section 22

**REFERENCE:**

<http://finosys.com/incometax/itaxord2001/sections/Sec21.htm>

**Question No: 22 ( Marks: 1 ) - Please choose one**

Gain on sale of depreciable asset, under section 31 of the Income Tax Ordinance 2001, is charged to tax under which of the following head of Income?

**Income from Business**

Income from Property

Income from Capital Gain

Income from Other sources

**REFERENCE:**

Handouts Page#69.

*Note: Solve these papers by yourself*  
*This VU Group is not responsible for any solved content*  
[www.vuaskari.com](http://www.vuaskari.com)

**Composed & Solved**  
**Laiba Butt & Qazi Umer (1 Nation)**  
**Vu Askari Team**

[www.vuaskari.com](http://www.vuaskari.com)

**Question No: 23 ( Marks: 1 ) - Please choose one**

Amount received after discontinuance of business, under section 31 of the Income Tax Ordinance 2001, is charged to tax under which of the following head of Income?

**Income from Business**

Income from Property

Income from Capital Gain

Income from Other sources

**REFERENCE:**

Handouts Page#69.

**Question No: 24 ( Marks: 1 ) - Please choose one**

Which of the following is the tax rate that a Resident Company is subjected to pay on its turnover for a tax year, even in cases where the company sustains loss?

0.25%

**0.50%**

0.75%

1.00%

**REFERENCE:**

Handouts Page#73

**Question No: 25 ( Marks: 1 ) - Please choose one**

The amount of minimum tax liability is arrived at as follows:

**$(A \times 0.5\%) B$**

$(A \times B) 0.5\%$

$(A + B) 0.5\%$

**Note: Solve these papers by yourself**

**This VU Group is not responsible for any solved content**

[www.vuaskari.com](http://www.vuaskari.com)

*Composed & Solved*  
*Laiba Butt & Qazi Umer (1 Nation)*  
*Vu Askari Team*  
[www.vuaskari.com](http://www.vuaskari.com)

(A / 0.5%) B

**REFERENCE:**

Sir Kindly Tell me which is the right option for minimum tax liability?

The amount of minimum tax liability is arrived at as follows:

(A x 0.5%) B

(A x B) 0.5%

(A + B) 0.5%

(A / 0.5%) B

Post Your Comments Other Students' Comments: 0

Instructor's Reply:

The amount of minimum tax liability is arrived at as follows:

(A x 0.5%) B

**Question No: 26 ( Marks: 1 ) - Please choose one**

In case of disposal of asset between spouses under an agreement to live apart, what would be the tax treatment of such disposal of asset?

Charged to tax under the head Income from Business

Charged to tax under the head Income from Capital Gain

**Exempt from tax under section 79 of the Income Tax Ordinance 2001**

Charged to tax under the head Income from Property

**REFERENCE:**

Handouts Page#81

Question No: 27 ( Marks: 1 ) - Please choose one

Which of the following is NOT required to file the return of Income Tax under section 115?

Every Company

*Note: Solve these papers by yourself*

*This VU Group is not responsible for any solved content*

[www.vuaskari.com](http://www.vuaskari.com)

**Composed & Solved**  
**Laiba Butt & Qazi Umer (1 Nation)**  
**Vu Askari Team**  
[www.vuaskari.com](http://www.vuaskari.com)

Every Firm

Every person with land 250 sq yards

**Salaried individual having salary certificate in lieu**

**REFERENCE:**

**Handouts Page#98**

Question No: 28 ( Marks: 1 ) - Please choose one

A person may furnish Revised Return from the date when the original return was furnished up to which of the following time period?

5 Days

5 Months

**5 Years**

15 Months

**REFERENCE:**

<http://www.iin.com.pk/IINSiteData/images/grrsection/pdf/Regulatory%20Procedures/Taxation%20Procedures/SMEDA%20Income%20Tax%20Procedure%20for%20Individuals.pdf>

Question No: 29 ( Marks: 1 ) - Please choose one

A person where taxable income for a tax year exceeds the maximum amount not chargeable to tax is required to file a return of income for the tax year, presently this amount is:

**Rs.100, 000**

Rs.300, 000

Rs.250, 000

Rs.500, 000

**REFERENCE:**

Subject: fin623

Sir kindly tell me

A person where taxable income for a tax year exceeds the maximum amount not chargeable to tax is required to file a return of income for the tax year, presently this amount is how much?

Post Your Comments

Other Students' Comments: 0

---

Instructor's Reply:

For individuals it is Rs. 100,000

**Note: Solve these papers by yourself**  
**This VU Group is not responsible for any solved content**  
[www.vuaskari.com](http://www.vuaskari.com)

**Composed & Solved**  
**Laiba Butt & Qazi Umer (1 Nation)**  
**Vu Askari Team**  
[www.vuaskari.com](http://www.vuaskari.com)

Question No: 30 ( Marks: 1 ) - Please choose one

Which of the following is NOT a liquidator under section 141 of the income tax ordinance 2001?

Receiver appointed by a Court

Trustee for a bankrupt

Mortgagee in possession

**Tax payer**

**REFERENCE:**

**Handouts Page#104**

Question No: 31 ( Marks: 1 ) - Please choose one

Federal Tax Ombudsman has the same powers as \_\_\_\_\_ to punish any person for its

contempt.

**Supreme**

High court

City court

Provincial Government

**REFERENCE:**

<http://asianombudsman.com/ORC/factsheets/FederalTaxOmbudsmanFactsheet.pdf>

Question No: 32 ( Marks: 1 ) - Please choose one

The office of Superintendent of Sales Tax, or such other office as the Board may, by notification in the official Gazette, specify is called;

Income tax office

Registered office

**Local Sales Tax Office**

None of the given options

**REFERENCE:**

<http://www.vakilno1.com/saarclaw/pakistan/salestaxact/s2.htm>

Question No: 33 ( Marks: 1 ) - Please choose one

Capital Value Tax was levied on the capital value of assets with effect from;

**1st July, 1989**

1st June 1990

1st July 2000

1st July 1999

**Note: Solve these papers by yourself**

**This VU Group is not responsible for any solved content**

[www.vuaskari.com](http://www.vuaskari.com)

**Composed & Solved**  
**Laiba Butt & Qazi Umer (1 Nation)**  
**Vu Askari Team**  
[www.vuaskari.com](http://www.vuaskari.com)

**REFERENCE:**

Capital Value Tax was levied with effect from 1st July, 1989 on the capital value of assets.

This is payable by every individual, association of persons, firm or a company which acquires by purchase gift, exchange, relinquishment, surrender of rights by the owners (whether effected orally or by deed or obtained through court decree) except by inheritance an asset or a right to the use thereof for more than twenty years. An asset or a right to the use thereof for more than twenty years.

**Handouts Page#121**

Question No: 34 ( Marks: 1 ) - Please choose one

A directorship or any other office involved in the management of a company under section 2(22) of Income Tax Ordinance, 2001 is termed as:

**Employment**

Employer

Employee

Business premises

**REFERENCE:**

<http://www.financedoctors.net/Notes/122.pdf>

Question No: 35 ( Marks: 1 ) - Please choose one

Mr. X resident of Pakistan earned income from Property situated in London Rs. 50,000 but received in India. Which one of the following option is right for this particular scenario?

**Mr. X being resident of Pakistan Rs. 50,000 will be added in Gross total income**

Mr. X being resident of Pakistan Rs. 50,000 will be subtracted in Gross total income

Mr. X being resident of Pakistan Rs. 50,000 will be claimed as admissible deduction

Mr. X being resident of Pakistan Rs. 50,000 will be exempted

Question No: 36 ( Marks: 1 ) - Please choose one

Mr. X non-resident of Pakistan earned income from property situated in Dubai Rs. 70,000 but received in Pakistan. Which one of the following option is right for this particular scenario?

**Mr. X being non-resident of Pakistan Rs. 70,000 will be added in Gross total income**

Mr. X being non-resident of Pakistan Rs. 70,000 will be subtracted in Gross total income

Mr. X being non-resident of Pakistan Rs. 70,000 will be claimed as admissible deduction

Mr. X being non-resident of Pakistan Rs. 70,000 will be exempted

**Note: Solve these papers by yourself**

**This VU Group is not responsible for any solved content**

[www.vuaskari.com](http://www.vuaskari.com)



**Composed & Solved**  
**Laiba Butt & Qazi Umer (1 Nation)**  
**Vu Askari Team**  
[www.vuaskari.com](http://www.vuaskari.com)

Question No: 37 ( Marks: 1 ) - Please choose one

Which of the following is the rate of tax for salaried Individuals for tax year 2009, where the taxable income exceeds Rs. 250,000 but does not exceed Rs. 350,000?

Nil

0.250%

0.50%

**0.75%**

**REFERENCE:**

**For all countries tax rates here is the link**

<http://www.taxrates.cc/html/pakistan-tax-rates.html>

Question No: 38 ( Marks: 1 ) - Please choose one

Which of the following is the rate of tax for salaried Individuals for tax year 2009, where the taxable income exceeds Rs. 400,000 but does not exceed Rs. 450,000?

0.25%

1.50%

**2.50%**

3.50%

**REFERENCE:**

**For all countries tax rates here is the link**

<http://www.taxrates.cc/html/pakistan-tax-rates.html>

Question No: 39 ( Marks: 1 ) - Please choose one

Miss Sonia's total taxable income for the year 2009 is Rs. 240,000. Which of the following is the tax liability of Miss Sonia?

**Nil**

Rs. 500

Rs. 1,000

Rs. 1,500

**REFERENCE:**

**For all countries tax rates here is the link**

<http://www.taxrates.cc/html/pakistan-tax-rates.html>

**So the tax amount will be**

**240000 @ 0.50% = 1200**

Question No: 40 ( Marks: 1 ) - Please choose one

Mr. A's total taxable income for the year 2009 is Rs. 600,000. Which of the following is the tax liability of Mr. A?

Rs. 15,000

Rs. 21,000

**Rs. 27,000**

**Note: Solve these papers by yourself**

**This VU Group is not responsible for any solved content**

[www.vuaskari.com](http://www.vuaskari.com)

*Composed & Solved*  
***Laiba Butt & Qazi Umer (1 Nation)***  
*Vu Askari Team*  
[www.vuaskari.com](http://www.vuaskari.com)

Rs. 36,000

**REFERENCE:**

**For all countries tax rates here is the link**

<http://www.taxrates.cc/html/pakistan-tax-rates.html>

**So**

**600,000 @ 4.50% = 27000**

Question No: 41 ( Marks: 1 ) - Please choose one

Which of the following is the Tax Treatment of utilities for the year 2009?

**Wholly taxable**

Wholly exempted

Exempt up to 10% of MTS

Exempt up to 1% of MTS

**REFERENCE:**

**They are totally taxable.**

Question No: 42 ( Marks: 1 ) - Please choose one

A firm ABC maintaining its account in cash basis, at June 27, 2008 it incurred expenses for Rs. 10,000 but actual payments made at 01 August 2008. It would be charge to tax into the tax year:

2006

2007

2008

**2009**

**REFERENCE:**

Using cash bases you record your payments/receipts when they are actually paid/received. So actual payment is made at 01 August 2009 that's why it will be charged to tax year 2009.

**PAPER NUMBER 2**

**FINAL TERM EXAMINATION**

**Spring 2010**

**FIN623- Taxation Management (Session - 4)**

**Note: Solve these papers by yourself**

**This VU Group is not responsible for any solved content**

[www.vuaskari.com](http://www.vuaskari.com)

*Composed & Solved*  
*Laiba Butt & Qazi Umer (1 Nation)*  
*Vu Askari Team*  
[www.vuaskari.com](http://www.vuaskari.com)

Time: 90 min

Marks: 69

[www.vuaskari.com](http://www.vuaskari.com)

*Note: Solve these papers by yourself*  
*This VU Group is not responsible for any solved content*  
[www.vuaskari.com](http://www.vuaskari.com)

*Composed & Solved*  
***Laiba Butt & Qazi Umer (1 Nation)***  
*Vu Askari Team*  
[www.vuaskari.com](http://www.vuaskari.com)

**Question No: 1 ( Marks: 1 ) - Please choose one**

Mrs. Sara received a basic salary of Rs. 280,000 during the year ended 30.06.2009. She received gratuity from the government of Sindh of Rs. 21,600. What would be her tax payable?

- ▶ Rs. 1,938
- ▶ Rs. 2,262
- ▶ Rs. 140
- ▶ Rs. 1,980

**REFERENCE:**

**Instructor's Reply:**

Gratuity is exempt. So tax payable will be  $280,000 \times 0.0075 = 2100$

**Question No: 2 ( Marks: 1 ) - Please choose one**

Which of the following canon of taxation suggests that there should not be any arbitrariness or ambiguity in respect of amount of tax paid?

- ▶ Capacity to Pay
- ▶ **Certainty**
- ▶ Simplicity
- ▶ Convenience

**REFERENCE:**

Handouts Page#2

*Note: Solve these papers by yourself*  
*This VU Group is not responsible for any solved content*  
[www.vuaskari.com](http://www.vuaskari.com)

*Composed & Solved*  
*Laiba Butt & Qazi Umer (1 Nation)*  
*Vu Askari Team*  
[www.vuaskari.com](http://www.vuaskari.com)

**Question No: 3 ( Marks: 1 ) - Please choose one**

2(22) of Income Tax Ordinance 2001 defined:

“Employment” includes:

- a directorship or any other office involved in the management of a company;
- a position entitling the holder to a fixed or ascertainable remuneration; or
- the holding or acting in any public office;

In which criteria the above definition falls?

▶ Exclusive definition

▶ Inclusive definition

▶ Both Exclusive and Inclusive definitions

▶ Statutory definition

**REFERENCE:**

**Handouts Page#8**

**Question No: 4 ( Marks: 1 ) - Please choose one**

Which of the following is the example of inclusive definition?

▶ Appellate Tribunal 2(2)

▶ Debt 2(15)

▶ Employment 2(22)

▶ Association of person 2(6)

**REFERENCE:**

*Note: Solve these papers by yourself*  
*This VU Group is not responsible for any solved content*  
[www.vuaskari.com](http://www.vuaskari.com)

*Composed & Solved*  
***Laiba Butt & Qazi Umer (1 Nation)***  
*Vu Askari Team*  
[www.vuaskari.com](http://www.vuaskari.com)

Handouts Page#8

**Question No: 5 ( Marks: 1 ) - Please choose one**

Any Income entitled to be received by a Company then entry of such amount will only be made in the books of accounts if:

▶ Company maintaining its books of account on Cash basis

▶ **Company maintaining its books of account on Accrual basis**

Company maintaining its books of account on Both Accrual and Cash basis

▶ None of the given options

**REFERENCE:**

**Method of accounting (Section 32)**

⌚ Cash Basis or

⌚ Accrual Basis

• For Companies 'Accrual Basis' method of accounting is compulsory [Section 32(2)]

• Change of Method of Accounting can be made under [Section 32(4)]

Handouts Page#18

**Question No: 6 ( Marks: 1 ) - Please choose one**

Income Tax is charged on which of the following?

▶ **Income of the current tax year**

▶ Income of the previous year

▶ Income of the coming year

▶ Any Receipt of money

**Note: Solve these papers by yourself**  
**This VU Group is not responsible for any solved content**  
[www.vuaskari.com](http://www.vuaskari.com)

*Composed & Solved*  
*Laiba Butt & Qazi Umer (1 Nation)*  
*Vu Askari Team*

[www.vuaskari.com](http://www.vuaskari.com)

**Question No: 7 ( Marks: 1 ) - Please choose one**

What is the tax treatment of support payment received by spouse made under the agreement to live apart?

- ▶ Wholly Taxable
- ▶ **Wholly Exempt**
- ▶ Partly Exempt
- ▶ Not mention in Ordinance

**REFERENCE:**

<http://hubpages.com/hub/Exemptions-under-International-Agreements>

**Question No: 8 ( Marks: 1 ) - Please choose one**

Pension is defined in which of the following schedule of the Income Tax Ordinance 2001?

- ▶ **2nd Schedule Part 1 Cl. (8)**
- ▶ 2nd Schedule Part 1 Cl. (24)
- ▶ 2nd Schedule Part 2 Cl. (22)
- ▶ 1st Schedule of Part 2 Cl. (20)

**Question No: 9 ( Marks: 1 ) - Please choose one**

Resident Person (Section 81) includes which of the following?

- ▶ Resident Individual & Association of Persons
- ▶ Resident Company
- ▶ Federal Government

*Note: Solve these papers by yourself*

*This VU Group is not responsible for any solved content*

[www.vuaskari.com](http://www.vuaskari.com)

*Composed & Solved*  
***Laiba Butt & Qazi Umer (1 Nation)***  
*Vu Askari Team*  
[www.vuaskari.com](http://www.vuaskari.com)

► All of the given options

**REFERENCE:**

<http://paktaxation.blogspot.com/2010/04/resident-person-vs-non-resident-person.html>

**Question No: 10 ( Marks: 1 ) - Please choose one**

Which part of income is charged to tax of resident person under the income tax ordinance 2001?

- Pakistani source of income
- Foreign source of income

► Both Pakistan and foreign source of income

- None of the given option

**REFERENCE**

**Scope of Total Income of a Resident Person Section 11 (5)**

**Resident Person Changeable to tax on:**

- The income of a resident person under a head of income shall be computed by taking into account amounts that are Pakistan-source income and amounts that are foreignsource income

**Handouts Page# 28**

**Question No: 11 ( Marks: 1 ) - Please choose one**

\_\_\_\_\_ means a fixed place of business through which the business of an enterprise is wholly or partly carried on.

- Franchise

► Permanent establishment

- Small Business Units SBU

- Venture

**REFERENCE:**

*Note: Solve these papers by yourself*

*This VU Group is not responsible for any solved content*

[www.vuaskari.com](http://www.vuaskari.com)



**Composed & Solved**  
**Laiba Butt & Qazi Umer (1 Nation)**  
**Vu Askari Team**

[www.vuaskari.com](http://www.vuaskari.com)

[http://paksearch.com/Government/TAX/Double/Vol\\_1/G.html](http://paksearch.com/Government/TAX/Double/Vol_1/G.html)

**Question No: 12 ( Marks: 1 ) - Please choose one**

Which of the following is the general definition of tax?

- ▶ **Compulsory contribution of wealth by persons**
- ▶ Optional contribution of wealth by persons
- ▶ Compulsory contribution of wealth by state
- ▶ Optional contribution of wealth by state

**REFERENCE:**

General Definition of Tax:

General compulsory contributions of wealth levied upon persons by the state, to meet the expenses incurred in providing common benefits upon the residents.

**Question No: 13 ( Marks: 1 ) - Please choose one**

Which one of the following section defines 'Income' under the head Income from Business section 18?

- ▶ **Section 2(9)**
- ▶ Section 2(29)
- ▶ Section 75
- ▶ Section 2(15)

**Question No: 14 ( Marks: 1 ) - Please choose one**

'Income is recorded when received and expenditure when paid', which one of the following accounting systems describe this statement?

- ▶ **Cash basis accounting system**

**Note: Solve these papers by yourself**

**This VU Group is not responsible for any solved content**

[www.vuaskari.com](http://www.vuaskari.com)

*Composed & Solved*  
***Laiba Butt & Qazi Umer (1 Nation)***  
*Vu Askari Team*  
[www.vuaskari.com](http://www.vuaskari.com)

- ▶ Accrual basis accounting system
- ▶ Both cash and accrual basis
- ▶ None of the given options

**REFERENCE:**

<http://financialriskmanager.blogspot.com/2009/02/tax-accounting-cash-vs-accrual.html>

**Question No: 15 ( Marks: 1 ) - Please choose one**

On Building (all types) the depreciation rate specified for the purposes of section 22 shall be:

- ▶ 10%
- ▶ 12%
- ▶ 5%
- ▶ 20%

**REFERENCE:**

<http://paktaxation.blogspot.com/2008/12/tax-depreciation-rates.html>

**Question No: 16 ( Marks: 1 ) - Please choose one**

Section 22(15) defines depreciable asset means:

- ▶ Any tangible movable property
- ▶ Any tangible immovable property (other than unimproved land)
- ▶ Structural improvement to immovable property

▶ All of the given options

**REFERENCE:**

*Note: Solve these papers by yourself*  
*This VU Group is not responsible for any solved content*  
[www.vuaskari.com](http://www.vuaskari.com)

*Composed & Solved*  
*Laiba Butt & Qazi Umer (1 Nation)*  
*Vu Askari Team*

[www.vuaskari.com](http://www.vuaskari.com)

<http://www.softax.com.pk/PDF/ITO/22.pdf>

**Question No: 17 ( Marks: 1 ) - Please choose one**

Which of the following is **NOT** required to file the return of Income Tax under section 115?

- ▶ Every Company
- ▶ Every Firm
- ▶ Every person with land 250 sq yards

▶ **Widow**

**REFERENCE:**

Handouts Page#98

**Question No: 18 ( Marks: 1 ) - Please choose one**

The salary received from the UK Government by Mr. Amir resident of Pakistan. Which section of the income tax ordinance explains his tax treatment of such salary?

- ▶ Section 110
- ▶ Section 101

▶ **Section 102**

- ▶ Section 50

**REFERENCE:**

<http://www.cbr.gov.pk/newdt/itax/itor01ch7.pdf>

**Question No: 19 ( Marks: 1 ) - Please choose one**

*Note: Solve these papers by yourself*

*This VU Group is not responsible for any solved content*

[www.vuaskari.com](http://www.vuaskari.com)

**Composed & Solved**  
***Laiba Butt & Qazi Umer (1 Nation)***  
***Vu Askari Team***

[www.vuaskari.com](http://www.vuaskari.com)

Revision of return can be made on an application made by the tax payer relating to issuance of an exemption, by which of the following authorities?

- ▶ Income Tax Officer
- ▶ Assistant Controller of Income tax
- ▶ Deputy Controller of Income tax
- ▶ **Regional Commissioner of Income tax**

**REFERENCE:**

**Handouts Page#101**

**Question No: 20 ( Marks: 1 ) - Please choose one**

Appeal to CIT (appeals) shall be filed in which of the following manner?

- ▶ **On prescribed form**
- ▶ On plane paper
- ▶ On stamped paper
- ▶ Legal documents

**Question No: 21 ( Marks: 1 ) - Please choose one**

Federal Tax Ombudsman has the same powers as \_\_\_\_\_ to punish any person for

its contempt..

- ▶ **Supreme court**
- ▶ High court
- ▶ City court

**Note: Solve these papers by yourself**

**This VU Group is not responsible for any solved content**

[www.vuaskari.com](http://www.vuaskari.com)

*Composed & Solved*  
***Laiba Butt & Qazi Umer (1 Nation)***  
*Vu Askari Team*  
[www.vuaskari.com](http://www.vuaskari.com)

► Provincial Government

**REFERENCE:**

<http://www.pakitaxlaw.com/taxlaw/fto/ordinance.html>

**Question No: 22 ( Marks: 1 ) - Please choose one**

The office of Superintendent of Sales Tax, or such other office as the Board may, by notification in the official Gazette, specify is called;

► Income tax office

► Registered office

► **Local Sales Tax Office**

► None of the given options

**REFERENCE:**

<http://www.vakilno1.com/saarclaw/pakistan/salestaxact/s2.htm>

**Question No: 23 ( Marks: 1 ) - Please choose one**

Which of the following is included in the assessment order by commissioner?

► Taxable Income

► Tax Due

► Amount of Tax Paid

► **All of the given options**

**REFERENCE:**

**Assessment Order by Commissioner**

Shall state the following details:

*Note: Solve these papers by yourself*  
*This VU Group is not responsible for any solved content*  
[www.vuaskari.com](http://www.vuaskari.com)

*Composed & Solved*  
***Laiba Butt & Qazi Umer (1 Nation)***  
*Vu Askari Team*  
[www.vuaskari.com](http://www.vuaskari.com)

- ✚ Taxable Income
- ✚ Tax Due
- ✚ Amount of Tax Paid
- ✚ Tax Payable
- ✚ Time, place & manner of appealing the assessment order.

**Question No: 24 ( Marks: 1 ) - Please choose one**

In Sales Tax Act "Zero - rated supply" means a taxable supply which is charged to tax at the rate of zero per cent define under

► **Section 4**

- Section 5
- Section 6
- Section 22

**REFERENCE:**

**Handouts Page#117**

**Question No: 25 ( Marks: 1 ) - Please choose one**

Mr. Kishan Kumar during his yearly tour in Pakistan spends 155 working days, 26 off-working days 1 strike day and 1 Public Holiday in a tax year 2008-09? What will be the status of the individual?

► **Resident Individual**

- Non Resident Individual
- Resident Person
- Resident HUF

**REFERENCE:**

**Resident Individual (Section 82)**

- An individual shall be a resident individual for a tax year if the individual-
- is present in Pakistan for a period of, or periods amounting in aggregate to, one hundred and

***Note: Solve these papers by yourself***  
***This VU Group is not responsible for any solved content***  
[www.vuaskari.com](http://www.vuaskari.com)

*Composed & Solved*  
***Laiba Butt & Qazi Umer (1 Nation)***  
*Vu Askari Team*  
[www.vuaskari.com](http://www.vuaskari.com)

eighty-three days or more in the tax year; or

- Is an employee or official of the Federal Government or a Provincial Government posted abroad in the tax year?.

**Question No: 26 ( Marks: 1 ) - Please choose one**

Mr. Zeeshan during his yearly tour in Pakistan spends 180 working days and in a tax year 2008-09? What will be the status of individual?

▶ Resident Individual

▶ **Non-Resident Individual**

▶ Resident Person

▶ Resident HUF

**REFERENCE:**

**Resident Individual (Section 82)**

- An individual shall be a resident individual for a tax year if the individual-
- is present in Pakistan for a period of, or periods amounting in aggregate to, one hundred and eighty-three days or more in the tax year; or
- Is an employee or official of the Federal Government or a Provincial Government posted abroad in the tax year?.

**As non-resident individual is opposite to resident individual**

**Question No: 27 ( Marks: 1 ) - Please choose one**

Which of the following is the rate of tax for AOP for tax year 2009, where the taxable income exceeds Rs. 100,000 but does not exceed Rs. 110,000?

▶ 0 %

▶ 0.25%

▶ **0.50%**

*Note: Solve these papers by yourself*  
*This VU Group is not responsible for any solved content*  
[www.vuaskari.com](http://www.vuaskari.com)

*Composed & Solved*  
*Laiba Butt & Qazi Umer (1 Nation)*  
*Vu Askari Team*  
[www.vuaskari.com](http://www.vuaskari.com)

► 0.75%

**REFERENCE:**

For all countries tax rates here is the link

<http://www.taxrates.cc/html/pakistan-tax-rates.html>

**Question No: 28 ( Marks: 1 ) - Please choose one**

Which of the following is the rate of tax for AOP for tax year 2009, where the taxable income exceeds Rs. 125,000 but does not exceed Rs. 150,000?

► 0.50%

► 0.75%

► 1.00%

► 2.00%

**REFERENCE:**

For all countries tax rates here is the link

<http://www.taxrates.cc/html/pakistan-tax-rates.html>

**Question No: 29 ( Marks: 1 ) - Please choose one**

Which of the following is the Rate of Tax for dividend received from power generation company for Tax Year 2009?

► Nil

► 2.5%

► 5%

► 7.5%

**REFERENCE:**

Handouts Page#71

**Question No: 30 ( Marks: 1 ) - Please choose one**

*Note: Solve these papers by yourself*  
*This VU Group is not responsible for any solved content*  
[www.vuaskari.com](http://www.vuaskari.com)



*Composed & Solved*  
*Laiba Butt & Qazi Umer (1 Nation)*  
*Vu Askari Team*  
[www.vuaskari.com](http://www.vuaskari.com)

Which one of the following is not the feature of Sales Tax?

- ▶ Indirect tax
- ▶ Broad based
- ▶ Elastic/ Flexible

▶ None of the given options

**REFERENCE:**

Handouts Page#112

**Question No: 31 ( Marks: 1 ) - Please choose one**

Mr. Ali received a basic salary of Rs. 20,000 per month during the year ended 30.06.2009. During the year domestic bills of water, telephone and electricity amounting to Rs. 6,000, 12,000, and 9,600 were paid by his employer respectively. What would be his taxable income?

- ▶ Rs. 240,000
- ▶ Rs. 267,600
- ▶ Rs. 270,000
- ▶ Rs. 289,800

**REFERENCE:**

Total of all amounts is 267,600. Utility bills are added back to salary as they are taxable under income tax ordinance 2009.

**Question No: 32 ( Marks: 1 ) - Please choose one**

Mr. Saleem received a basic salary of Rs. 10,000 per month during the year ended 30.06.2009. During the year his employer provided the services of a driver and a housekeeper. The company paid Rs. 4,000 per month to each of these employees. What would be his taxable income?

*Note: Solve these papers by yourself*  
*This VU Group is not responsible for any solved content*  
[www.vuaskari.com](http://www.vuaskari.com)

*Composed & Solved*  
***Laiba Butt & Qazi Umer (1 Nation)***  
*Vu Askari Team*  
[www.vuaskari.com](http://www.vuaskari.com)

► Rs. 120,000

► Rs. 186,000

► **Rs. 216,000**

► Rs. 244,500

**REFERENCE:**

a basic salary	$12 \times 10000 = 120000$
driver	$4000 \times 12 = 48000$
housekeeper	$4000 \times 12 = 48000$
	<u>216000</u>

**Question No: 33 ( Marks: 1 ) - Please choose one**

The basic salary of Mr. Ghauri (a salaried person) during the year 30.06.2009 is Rs. 445,000. He paid Zakat under Zakat Ordinance of Rs. 8,000 and received commission of Rs. 24,000. What will be his taxable income?

► Rs. 429,000

► Rs. 437,000

► **Rs. 461,000**

► Rs. 469,000

**REFERENCE:**

Salary	445,000
Less: Zakat paid	(8,000)
Add: commission	<u>24,000</u>
<b>Total income taxable</b>	<b>461,000</b>

**Question No: 34 ( Marks: 1 ) - Please choose one**

**Note: Solve these papers by yourself**  
**This VU Group is not responsible for any solved content**  
[www.vuaskari.com](http://www.vuaskari.com)

***Composed & Solved***  
***Laiba Butt & Qazi Umer (1 Nation)***  
***Vu Askari Team***

[www.vuaskari.com](http://www.vuaskari.com)

Concessional loan provided by the employer is taxable and added back to the income of employee. But under which of the following conditions there is no need to add back such loan?

- ▶ When loan is used for the purchase of furniture
- ▶ When loan is used for the education of children
- ▶ **When loan is used for the construction of house**
- ▶ When loan is used for the purchase of shares

**Question No: 35 ( Marks: 1 ) - Please choose one**

Which part of the Income Tax Ordinance 2001 deals with Tax credits?

- ▶ Chapter III Part VII
- ▶ Chapter III Part VIII
- ▶ Chapter III Part I X
- ▶ **Chapter III Part X**

**REFERENCE:**

<http://pakistanconstitution-law.org/2011/06/11/income-tax-ordinance-2001/>

**Question No: 36 ( Marks: 1 ) - Please choose one**

Which of the following is the rate of tax for salaried Individuals for tax year 2009, where the taxable income exceeds Rs. 1,200,000 but does not exceed Rs. 1,450,000?

- ▶ 9.00%
- ▶ 10.00%
- ▶ **11.00%**

***Note: Solve these papers by yourself***  
***This VU Group is not responsible for any solved content***  
[www.vuaskari.com](http://www.vuaskari.com)

*Composed & Solved*  
***Laiba Butt & Qazi Umer (1 Nation)***  
*Vu Askari Team*  
[www.vuaskari.com](http://www.vuaskari.com)

► 12.50%

**REFERENCE:**

**For all countries tax rates here is the link**

<http://www.taxrates.cc/html/pakistan-tax-rates.html>

**Question No: 37 ( Marks: 1 ) - Please choose one**

Which of the following is the rate of tax for salaried Individuals for tax year 2009, where the taxable income exceeds Rs. 1,950,000 but does not exceed Rs. 2,250,000?

► 9.00%

► 10.00%

► 12.50%

► 15.00%

**REFERENCE:**

**For all countries tax rates here is the link**

<http://www.taxrates.cc/html/pakistan-tax-rates.html>

**Question No: 38 ( Marks: 1 ) - Please choose one**

Mr. Sadiq received a salary of Rs. 200,000 during the year ended 30.06.2009. His MTS is (Rs. 200,000-5,000-300,000). He has received medical allowance and facility of interest free loan from his employer of Rs. 10,000 per month and Rs. 900,000 respectively. What would be his tax payable?

► Rs. 1,987.5

► Rs. 2,535

► Rs. 107,500

► Rs. 134,200

**REFERENCE:.**

Mr. Sadiq received a salary of Rs. 200,000 during the year ended 30.06.2009. His MTS is

**Note: Solve these papers by yourself**  
**This VU Group is not responsible for any solved content**  
[www.vuaskari.com](http://www.vuaskari.com)

**Composed & Solved**  
**Laiba Butt & Qazi Umer (1 Nation)**  
**Vu Askari Team**

[www.vuaskari.com](http://www.vuaskari.com)

(Rs. 200,000-5,000-300,000). He has received medical allowance and facility of interest free loan from his employer of Rs. 10,000 per month and Rs. 900,000 respectively. What would be his tax payable?

Sir see my working is it right?

Taxpayble of Mr.Sadiq: Basic salary 200,000 Medical Allowance 120,000 (10% of 200,000=20,000) (20,000) 180,000 11% of loan is chargeable to tax 11% 900,000=99000 99000 399000 Tax liability : 399000@2% =7980

Post Your Comments

Other Students' Comments: 0

---

Instructor's Reply:

Your caclulation is correct but the rate will be 1.5%.

**IT SHOWS MCQ OPTIONS ARE WRONG**

**Question No: 39 ( Marks: 1 ) - Please choose one**

Mr. Shafqat received a basic salary of Rs. 350,000 during the year ended 30.06.2009. His company maintained car for personal and official use. The cost of the vehicle is Rs. 880,000. What would be his tax payable?

► Rs. 1,030

► **Rs. 5,910**

► Rs. 10,950

► Rs. 135,300

Calculation:

**REFERENCE:**

Basic salary = 350,000

Car maintenance 880,000@5%= 44000+350000=394000@1.5%=5910

**Question No: 40 ( Marks: 1 ) - Please choose one**

A retailer whose value of supplies in any period during the last twelve months ending any tax period exceeds\_\_\_\_\_ are required to be registered under the Sales Tax Act 1990;

**Note: Solve these papers by yourself**

**This VU Group is not responsible for any solved content**

[www.vuaskari.com](http://www.vuaskari.com)

*Composed & Solved*  
***Laiba Butt & Qazi Umer (1 Nation)***  
*Vu Askari Team*  
[www.vuaskari.com](http://www.vuaskari.com)

► Forty million rupees

► Twenty million rupees

► Ten million rupees

► Five million rupees

**REFERENCE:**

**Requirement of registration:**

- The following persons engaged in making of taxable supplies in Pakistan (including zero-rated supplies) in the course or furtherance of any taxable activity carried on by them, if not already registered, are required to be registered under this Act, namely:
  - ii A manufacturer whose annual turnover from taxable supplies made in any period during the last twelve months ending any tax period exceeds two and half million rupees;
  - iii A retailer whose value of supplies in any period during the last twelve months ending any tax period exceeds twenty million rupees;
  - iv An importer; and
  - v A wholesaler (including dealer) and distributor:

**Question No: 41 ( Marks: 1 ) - Please choose one**

What is the tax treatment of recognized Provident fund under section 2 (48) of part I of sixth schedule?

► Wholly exempt

► Partially taxable

► Wholly taxable

► Partially exempt

**REFERENCE:**

Handouts Page#60

*Note: Solve these papers by yourself*  
*This VU Group is not responsible for any solved content*  
[www.vuaskari.com](http://www.vuaskari.com)

*Composed & Solved*  
*Laiba Butt & Qazi Umer (1 Nation)*  
*Vu Askari Team*  
[www.vuaskari.com](http://www.vuaskari.com)

**Question No: 42 ( Marks: 1 ) - Please choose one**

Statutory Provident Fund is governed by which one of the following?

▶ Finance Act 2006

▶ Insurance Act 1969

▶ **Provident Funds Act 1925**

▶ Finance Bill 2007

**Question No: 43 ( Marks: 1 ) - Please choose one**

Any amount received under Part 3 of Second Schedule, as flying allowance by pilots etc. and junior commissioned officers or other ranks shall be taxed at the rate of \_\_\_\_\_ as separate block.

▶ **2.5%**

▶ 5.5%

▶ 7.5%

▶ 9.5%

**REFERENCE:**

<http://www.softax.com.pk/PDF/STM/Chapter%204.pdf>

**Question No: 44 ( Marks: 1 ) - Please choose one**

Mrs. Waseem has rented out her house at Rs. 15,000 per month. As per rent deed she has received an amount of Rs. 75,000 as advance, which is non adjustable against rent. What would be the amount of rent chargeable to tax where the fair market rent is Rs. 100,000?

▶ Rs. 90,000

*Note: Solve these papers by yourself*  
*This VU Group is not responsible for any solved content*  
[www.vuaskari.com](http://www.vuaskari.com)

*Composed & Solved*  
*Laiba Butt & Qazi Umer (1 Nation)*  
*Vu Askari Team*  
[www.vuaskari.com](http://www.vuaskari.com)

▶ Rs. 1,87,500

▶ Rs. 92,400

▶ Rs. 1,200

**REFERENCE:**

$15,000 \times 12 = 180,000$   $75,000 / 10 = 7,500$

**So, 187,500**

**Question No: 45 ( Marks: 1 ) - Please choose one**

Mr. Waqas is a practicing chartered accountant. He has received audit fees of Rs. 300,000 and the examiner's fees of Rs. 2,000. During tax year 2009 he has made membership and certificate expenses of Rs. 500. What will be his income from profession?

▶ Rs. 198,834

▶ Rs. 301,500

▶ Rs. 297,500

▶ Rs. 298,500

**REFERENCE:**

Audit fees      300,000

**ADD:** Examiner's fees   2,000.

**Less :** certificate expenses   500

**301500**

**Question No: 46 ( Marks: 1 ) - Please choose one**

M/s. RST filed tax return for tax year 2009, declaring taxable income as Rs. 1,135,000 made payments in execution of a contract for purchase of office appliances Rs. 250,000.

*Note: Solve these papers by yourself*

*This VU Group is not responsible for any solved content*

[www.vuaskari.com](http://www.vuaskari.com)



*Composed & Solved*  
*Laiba Butt & Qazi Umer (1 Nation)*  
*Vu Askari Team*  
[www.vuaskari.com](http://www.vuaskari.com)

What will be the tax payable of the company?

► Rs. 100,000

► Rs. 150,000

► Rs. 300,000

► **Rs. 484,750**

**REFERENCE**

Taxable income = 1,135,000

payments for the execution of the contract = 250,000

Total income = 1,38,5000

Tax payable = 1,38,5000 \* 0.35 = 484,750

**Question No: 47 ( Marks: 1 ) - Please choose one**

Mr. Qasim received income from business of Rs. 107,000. He has received gain on sale of residential house of Rs. 140,000. What will be his taxable income?

► Rs. 50,000

► Rs. 300,000

► **Rs. 107,000**

► Rs. 100,000

**REFERENCE:**

Instructor's Reply:

His income will be Rs. 107,000 because income from residential house is exempt from tax.

**Question No: 48 ( Marks: 1 ) - Please choose one**

*Note: Solve these papers by yourself*

*This VU Group is not responsible for any solved content*

[www.vuaskari.com](http://www.vuaskari.com)

**Composed & Solved**  
**Laiba Butt & Qazi Umer (1 Nation)**  
**Vu Askari Team**

[www.vuaskari.com](http://www.vuaskari.com)

Mr. Jamil has received income from poultry farm of Rs. 645,000 and gain on sale of shares of private company Rs. 136,000 where the shares were disposed off after 12 months. The capital loss amounted to Rs. 15,000 was reported. What will be his taxable income?

► Rs. 566,000

► Rs. 694,000

► **Rs. 732,000**

► Rs. 776,000

**REFERENCE:**

Income from poultry form = 645,000

Income from shares =  $132,000 \times 75\% = 10,2000$

= 647,000

Less

= 15,000

= 732,000

If share are held for one year then their 75% amount is treated as taxable.

**PAPER NUMBER 3**

**FINAL TERM EXAMINATION**

**Spring 2009 FIN623- Taxation Management (Session - 1)**

**Marks: 81**

**Question No: 1 ( Marks: 1 ) - Please choose one**

is a type of tax where the tax rate increases as the income to which the rate is applied increases.

► Proportional tax

► **Progressive tax**

► Regressive tax

► Corporate tax

**REFERENCE:**

A **progressive tax** is a tax by which the tax rate increases as the taxable base amount increases.

**Question No: 2 ( Marks: 1 ) - Please choose one**

**Note: Solve these papers by yourself**

**This VU Group is not responsible for any solved content**

[www.vuaskari.com](http://www.vuaskari.com)

**Composed & Solved**  
**Laiba Butt & Qazi Umer (1 Nation)**  
**Vu Askari Team**

[www.vuaskari.com](http://www.vuaskari.com)

If the accounting year of Mr. Aslam, a rice exporter is started from 01 January 2005 and ending on 31st December 2005. What will be its tax year?

- ▶ Tax year 2003
- ▶ Tax year 2004
- ▶ Tax year 2005
- ▶ **Tax year 2006**

**REFERENCE:**

Mr. Aslam, a rice exporter

- (i) 1st Jan 08 to 31st Dec 08
- (i) Special Tax year 2009

**Question No: 3 ( Marks: 1 ) - Please choose one**

In case of lump sum receipt of income like Golden hand shake the tax payer pays tax in which of the following way?

- ▶ Average of last 3 years tax rate
- ▶ **Option to choose current or average of last 3 years tax rate**
- ▶ Current tax rate
- ▶ Previous year tax rate

**REFERENCE:**

Tax payer can opt to seek approval from CIT to change lump sum payments received in a tax year at average tax rate of last three years

**Question No: 4 ( Marks: 1 ) - Please choose one**

Which of the following methods of accounting is to adopt for Sole-proprietorship?

- ▶ Accrual Basis
- ▶ Cash Basis
- ▶ Both Accrual and Cash Basis
- ▶ **Free to choose any kind of base**

**Question No: 5 ( Marks: 1 ) - Please choose one**

Suppose a Profit acquired by a cultivator produce after harvesting. The profit of the cultivator will be treated as

- ▶ Income from Business
- ▶ **Agriculture Income**
- ▶ Income from Property
- ▶ Capital Gain

**REFERENCE:**

Following Income are held to be "Agricultural Income"

• Profit on sale of standing crops or the produce after harvest by a cultivating owner or tenant of land.

**Question No: 6 ( Marks: 1 ) - Please choose one**

**Note: Solve these papers by yourself**

**This VU Group is not responsible for any solved content**

[www.vuaskari.com](http://www.vuaskari.com)

**Composed & Solved**  
**Laiba Butt & Qazi Umer (1 Nation)**  
**Vu Askari Team**

[www.vuaskari.com](http://www.vuaskari.com)

If person supplying water to the land for the purpose of growing and he charged money from the cultivator against the water supplied. What will be the tax treatment of such income?

- ▶ Exempt as Agriculture Income
- ▶ Allowed Reduction in tax rate
- ▶ Allowed reduction in tax liability

▶ **Taxable as Non-Agriculture Income**

**REFERENCE:**

: **Handouts** Page #19

**Question No: 7 ( Marks: 1 ) - Please choose one**

Mr. Imran is an employee of Provincial Government of Punjab posted in UK for two years? What will be the residential status of Mr. Imran?

▶ **Resident Individual**

- ▶ Non-Resident Individual
- ▶ Resident HUF
- ▶ Resident AOP

**REFERENCE:**

**Handouts** Page 25 also our solved midterm papers

**Question No: 8 ( Marks: 1 ) - Please choose one**

For a non-resident AOP which of the following condition must be satisfied?

- ▶ Control and management of affairs of AOP is situated partly in Pakistan
- ▶ Control and management of affairs of AOP is situated wholly in Pakistan
- ▶ Control and management of affairs of AOP is situated wholly or partly in Pakistan

▶ **None of the given options**

**REFERENCE:**

:

**Residential Status of "Association of Person"**

Under the law a Firm, HUF, etc. are placed under the head AOP

Control and management of affairs of AOP is situated wholly or partly in Pakistan

**Theory of Control and Management**

- If Control and Management of affairs of a company lies in Pakistan, it is Resident Company, even if not incorporated in Pakistan
- Control & Management refers to management of vital affairs/Policy Making Decisions of the company.

**Question No: 9 ( Marks: 1 ) - Please choose one**

What is the tax treatment of the reimbursement of expenditure made by the employer

▶ **Wholly Taxable**

- ▶ Wholly exempt
- ▶ Partly Taxable
- ▶ Not mentioned in Income Tax Ordinance 2001

**Note: Solve these papers by yourself**

**This VU Group is not responsible for any solved content**

[www.vuaskari.com](http://www.vuaskari.com)

**Composed & Solved**  
**Laiba Butt & Qazi Umer (1 Nation)**  
**Vu Askari Team**  
[www.vuaskari.com](http://www.vuaskari.com)

**REFERENCE:**

Reimbursement of expenditure by the employer Taxable (page 39 handouts)

**Question No: 10 ( Marks: 1 ) - Please choose one**

What is the tax treatment of the leave encashment of the armed forces of Pakistan on retirement made by the employer?

- ▶ Wholly Taxable
- ▶ **Wholly exempt**
- ▶ Partly Taxable
- ▶ Not mention in Income Tax Ordinance 2001

**REFERENCE:**

Leave encashment on retirement falls in this category. The only exemption available is for the members of the Armed Forces of Pakistan, employees of the Federal Government and Provincial Governments.

**Question No: 11 ( Marks: 1 ) - Please choose one**

As part of remuneration package, a company pays costs on actual basis to its employees in case the only, what are the tax consequences of this policy?

- ▶ **Treated as taxable**
- ▶ No tax consequences
- ▶ Partially taxable
- ▶ Not discussed in Income Tax Ordinance

Can't get the meanings of Q Incomplete:-s

**Question No: 12 ( Marks: 1 ) - Please choose one**

MTS stands for which of the following?

- ▶ **Minimum time scale**
- ▶ Minimum transfer Salary
- ▶ Maximum time scale
- ▶ Maximum transfer Salary

**REFERENCE:**

Concept of MTS (Minimum of Time Scale) page 44 handouts

**Question No: 13 ( Marks: 1 ) - Please choose one**

Condition for the approval of gratuity fund is based on which of the following?

- ▶ **Trust is irrevocable**
- ▶ Trust is revocable
- ▶ Trust is established by Government
- ▶ Trust is approved by Officer of Income

**REFERENCE:**

**Condition for Approval**

- Fund established under an irrevocable trust and purposes of gratuity fulfilled.

**Note: Solve these papers by yourself**

**This VU Group is not responsible for any solved content**

[www.vuaskari.com](http://www.vuaskari.com)

**Composed & Solved**  
**Laiba Butt & Qazi Umer (1 Nation)**  
**Vu Askari Team**  
[www.vuaskari.com](http://www.vuaskari.com)

**Question No: 14 ( Marks: 1 ) - Please choose one**

Clause (10) and (11) of Part 1 of second schedule related to Pension are omitted by which of the following?

- ▶ Finance Ordinance 2004
- ▶ Finance Ordinance 2005
- ▶ **Finance Bill 2006**
- ▶ Finance Bill 2007

**Ref:**

*Clause (10) omitted by Finance Bill 2006 which previously read as follows :*

- (10) Any pension granted to any public servant to whom clause (14) does not apply in respect of injuries received in the performance of his duties.

*Clause (11) omitted by Finance Bill 2006 which previously read as follows :*

- (11) Any pension granted to any public servant to whom clause (15) does not apply who has been invalidated from service on account of any bodily disability.

<http://finosys.com/incometax/itaxord2001/sections/sch2.htm>

**Question No: 15 ( Marks: 1 ) - Please choose one**

Which of the following is the tax treatment for income from property received as a rent for the year 2007?

- 1 /4 of the rent is deduct able as repairs allowance
- 1 /2 of the rent is deduct able as repairs allowance
- 1 /5 of the rent is deduct able as repairs allowance**
- No deduction is allowed

**REFERENCE:**

Instructor's Reply:

1/5 is allowed as repair allowance.

**Question No: 16 ( Marks: 1 ) - Please choose one**

A non adjustable advance is received from a building as income from property will be spread in how many of the following years?

- ▶ 5 years
- ▶ 6years
- ▶ 8 years
- ▶ **10 years**

**REFERENCE:**

Non adjustable advance is spread over ten years.

**Note: Solve these papers by yourself**

**This VU Group is not responsible for any solved content**

[www.vuaskari.com](http://www.vuaskari.com)

**Composed & Solved**  
**Laiba Butt & Qazi Umer (1 Nation)**  
**Vu Askari Team**  
[www.vuaskari.com](http://www.vuaskari.com)

**Question No: 17 ( Marks: 1 ) - Please choose one**

Under clause (93 A) of the Part 1 of second schedule of Income Tax Ordinance 2001, which of the following business income is exempted from tax?

- ▶ Income of a Text-Book Board
- ▶ University or Educational Institution
- ▶ **Recognized Vocational Institute**
- ▶ Income of Recognized Sports Board

**REFERENCE:**

(93A) Recognized Vocational Institute (page 66)

**Question No: 18 ( Marks: 1 ) - Please choose one**

Head Income from property section 15 defines "land" as:

- ▶ Constructed building
- ▶ Block of brick
- ▶ Vacant plot
- ▶ **None of the given options**

**Question No: 19 ( Marks: 1 ) - Please choose one**

One of the following options doesn't come under the definition of Business income section 2 (9):

- ▶ Trade
- ▶ Commerce
- ▶ Profession
- ▶ **Employment**

**REFERENCE:**

**Business Defined Section 2(9)**

"Business includes any trade, commerce, manufacture, profession, vocation but doesn't include employment"

**Question No: 20 ( Marks: 1 ) - Please choose one**

Which one of the following section defines 'Income' under the head Income from Business section 18?

- ▶ **Section 2(9)**
- ▶ Section 2(29)
- ▶ Section 75
- ▶ Section 2(15)

**REFERENCE:**

Handouts Page 66

**Question No: 21 ( Marks: 1 ) - Please choose one**

Which of the following section deals with the deductions Not allowed to income from business?

**Note: Solve these papers by yourself**

**This VU Group is not responsible for any solved content**

[www.vuaskari.com](http://www.vuaskari.com)

**Composed & Solved**  
**Laiba Butt & Qazi Umer (1 Nation)**  
**Vu Askari Team**  
[www.vuaskari.com](http://www.vuaskari.com)

- ▶ Section 2 (9)
- ▶ Section 20
- ▶ **Section 21**
- ▶ Section 22

**REFERENCE:**

*Income From Business. Section 21. Deductions not allowed*  
<http://finosys.com/public/Chapter06.pdf>

**Question No: 22 ( Marks: 1 ) - Please choose one**

Gain on sale of depreciable asset, under section 31 of t charged to tax under which of the following head of In

▶ **Income from Business**

- ▶ Income from Property
- ▶ Income from Capital Gain
- ▶ Income from Other sources

**REFERENCE:**

:

Following Incomes are taxable under the head Income from Business even in cases where no business is carried on by taxpayer.

- ☐ Recovery against any deduction/expenses previously allowed (Add back to income).
- ☐ **Gain on sale of depreciable asset.**
- ☐ Recovery of bad debt/or written off loan.
- ☐ Trading liabilities not paid within expiration of three years.
- ☐ Amount received after discontinuance of business.

**Question No: 23 ( Marks: 1 ) - Please choose one**

Amount received after discontinuance of business, under Ordinance 2001, is charged to tax under which of the following.

▶ **Income from Business**

- ▶ Income from Property
- ▶ Income from Capital Gain
- ▶ Income from Other sources

**REFERENCE:**

given above in previous MCQ

**Question No: 24 ( Marks: 1 ) - Please choose one**

Which of the following is the tax rate that a Resident Company is subjected to pay on turnover for a tax year, even in cases where the company sustains loss?

- ▶ 0.25%
- ▶ **0.50%**
- ▶ 0.75%
- ▶ 1.00%

**REFERENCE:**

**Note: Solve these papers by yourself**

**This VU Group is not responsible for any solved content**

[www.vuaskari.com](http://www.vuaskari.com)



*Composed & Solved*  
***Laiba Butt & Qazi Umer (1 Nation)***  
*Vu Askari Team*  
[www.vuaskari.com](http://www.vuaskari.com)

**Minimum Tax on Resident Companies Sec. 113**

Resident Company is subjected to minimum tax @ **0.50%** of its turnover for a tax year, even in cases where the company sustains loss.

**Question No: 25 ( Marks: 1 ) - Please choose one**

The amount of 'minimum tax' liability is arrived at as follows:

▶  **$(A \times 0.5\%) - B$**

- ▶  $(A \times B) - 0.5\%$
- ▶  $(A + B) \times 0.5\%$
- ▶  $(A / 0.5\%) - B$

**REFERENCE:**

Instructor's Reply:

The amount of minimum tax liability is arrived at as follows:  
 $(A \times 0.5\%) - B$

**Question No: 26 ( Marks: 1 ) - Please choose one**

In case of disposal of asset between spouses under an agreement to live apart, what would be the tax treatment of such disposal of asset?

- ▶ Charged to tax under the head Income from Business
- ▶ Charged to tax under the head Income from Capital Gain

▶ **Exempt from tax under section 79 of the Income Tax Ordinance 2001**

- ▶ Charged to tax under the head Income from Property

**REFERENCE:**

**Disposals Not Chargeable To Tax Under Sec.79 Non Recognition Rules**

No gain or loss shall be taken to arise on the disposal of an asset:

- ☐ Between spouses under an agreement to live apart;
- ☐ By reason of the transmission of the asset to an executor or beneficiary on the death of person;
- ☐ By reason of a gift of the asset;

**Question No: 27 ( Marks: 1 ) - Please choose one**

Which of the following is NOT required to file the return of Income 115?

- ▶ Every Company
- ▶ Every Firm
- ▶ Every person with land 250 sq yards

▶ **Salaried individual having salary certificate in lieu**

**REFERENCE:**

**Person Not Required to File Tax Return**

**Section 115** grants immunity to salaried person in lieu of filing a return as outlined below:

**Note: Solve these papers by yourself**

**This VU Group is not responsible for any solved content**

[www.vuaskari.com](http://www.vuaskari.com)

**Composed & Solved**  
**Laiba Butt & Qazi Umer (1 Nation)**  
**Vu Askari Team**

[www.vuaskari.com](http://www.vuaskari.com)

☐ Salary certificate from employer sufficient in lieu of return

**Other Exceptions: Sec-115**

☐ Widow

☐ Orphan below age of 25 years

☐ Disabled person or

☐ In case of ownership of immovable property, a non-resident person

Question No: 28 ( Marks: 1 ) - Please choose one

A person may furnish Revised Return from the date when the original return was furnished up to which of the following time period?

5 Days

5 Months

**5 Years**

15 Months

**REFERENCE:**

**Handouts Page 99**

Question No: 29 (Marks: 1) - Please choose one

A person where taxable income for a tax year exceeds the maximum amount not chargeable to tax is required to file a return of income for the tax year, presently this amount is:

**Rs.100, 000**

Rs.300, 000

Rs.250, 000

Rs.500, 000

**REFERENCE:**

Subject: fin623

Sir kindly tell me

A person where taxable income for a tax year exceeds the maximum amount not chargeable to tax is required to file a return of income for the tax year, presently this amount is how much?

Post Your Comments

Other Students' Comments: 0

---

Instructor's Reply:

For individuals it is Rs. 100,000

Question No: 30 ( Marks: 1 ) - Please choose one

Which of the following is NOT a liquidator under section 141 of the income tax? ordinance 2001?

Receiver appointed by a Court

**Note: Solve these papers by yourself**

**This VU Group is not responsible for any solved content**

[www.vuaskari.com](http://www.vuaskari.com)

**Composed & Solved**  
**Laiba Butt & Qazi Umer (1 Nation)**  
**Vu Askari Team**  
[www.vuaskari.com](http://www.vuaskari.com)

Trustee for a bankrupt  
Mortgagee in possession

**Tax payer**

**REFERENCE:**

**Liquidators (Sec. 141):**

Following are referred to as liquidator:

- ☐ A liquidator of a company
- ☐ A receiver appointed by a Court or appointed out of court
- ☐ A trustee for a bankrupt
- ☐ A mortgagee in possession

Question No: 31 ( Marks: 1 ) - Please choose one

Federal Tax Ombudsman has the same powers as \_\_\_\_\_ to punish any person for its

contempt.

**Supreme**

High court

City court

Provincial Government

**REFERENCE:**

**Handouts Page 111**

Question No: 32 ( Marks: 1 ) - Please choose one

The office of Superintendent of Sales Tax, or such other office as the Board may, by notification in the official Gazette, specify is called;

Income tax office

Registered office

**Local Sales Tax Office**

None of the given options

**REFERENCE:**

**Handouts Page 113**

Question No: 33 ( Marks: 1 ) - Please choose one

Capital Value Tax was levied on the capital value of assets with effect from;

**1st July, 1989**

1st June 1990

1st July 2000

1st July 1999

**REFERENCE:**

**Handouts Page 121**

Question No: 34 ( Marks: 1 ) - Please choose one

A directorship or any other office involved in the management of a company

**Note: Solve these papers by yourself**

**This VU Group is not responsible for any solved content**

[www.vuaskari.com](http://www.vuaskari.com)

**Composed & Solved**  
**Laiba Butt & Qazi Umer (1 Nation)**  
**Vu Askari Team**

[www.vuaskari.com](http://www.vuaskari.com)

under section 2(22) of Income Tax Ordinance, 2001 is termed as:

**Employment**

Employer

Employee

Business premises

**REFERENCE:**

Handouts Page 8

**Question No: 35 ( Marks: 1 ) - Please choose one**

Mr. X resident of Pakistan earned income from Property situated in London Rs. 50,000 but received in India. Which one of the following option is right for this particular scenario?

**Mr. X being resident of Pakistan Rs. 50,000 will be added in Gross total income**

Mr. X being resident of Pakistan Rs. 50,000 will be subtracted in Gross total income

Mr. X being resident of Pakistan Rs. 50,000 will be claimed as admissible deduction

Mr. X being resident of Pakistan Rs. 50,000 will be exempted

**REFERENCE:**

Where ever whatever you earn if you are a resident of Pakistan then that earning will added in your total income.

**Question No: 36 ( Marks: 1 ) - Please choose one**

Mr. X non-resident of Pakistan earned income from property situated in Dubai Rs. 70,000 but received in Pakistan. Which one of the following option is right for this particular scenario?

**Mr. X being non-resident of Pakistan Rs. 70,000 will be added in Gross total income**

Mr. X being non-resident of Pakistan Rs. 70,000 will be subtracted in Gross total income

Mr. X being non-resident of Pakistan Rs. 70,000 will be claimed as admissible deduction

Mr. X being non-resident of Pakistan Rs. 70,000 will be exempted

**REFERENCE:**

Handouts Page 35

**Question No: 37 ( Marks: 1 ) - Please choose one**

Which of the following is the rate of tax for salaried Individuals for tax year 2009, where the taxable income exceeds Rs. 250,000 but does not exceed Rs. 350,000?

Nil

0.250%

0.50%

**Note: Solve these papers by yourself**

**This VU Group is not responsible for any solved content**

[www.vuaskari.com](http://www.vuaskari.com)

**Composed & Solved**  
**Laiba Butt & Qazi Umer (1 Nation)**  
**Vu Askari Team**  
[www.vuaskari.com](http://www.vuaskari.com)

**0.75%**

**REFERENCE:**

**Handouts Page 125**

Question No: 38 ( Marks: 1 ) - Please choose one

Which of the following is the rate of tax for salaried Individuals for tax year 2009, where the taxable income exceeds Rs. 400,000 but does not exceed Rs. 450,000?

0.25%

1.50%

**2.50%**

3.50%

**REFERENCE:**

**Handouts Page 125**

Question No: 39 ( Marks: 1 ) - Please choose one

Miss Sonia's total taxable income for the year 2009 is Rs. 240,000. Which of the following is the tax liability of Miss Sonia?

**Nil**

Rs. 500

Rs. 1,000

Rs. 1,500

**REFERENCE:**

Basis – Income tax is payable by salaried male individuals if taxable income exceeds PKR 200,000 and by female individuals if taxable income exceeds PKR 260,000. Income tax is payable by non-salaried individuals if taxable income exceeds PKR 100,000. These thresholds are effective from 1 July 2009.

<http://www.taxrates.cc/html/pakistan-tax-rates.html>

Question No: 40 ( Marks: 1 ) - Please choose one

Mr. A's total taxable income for the year 2009 is Rs. 600,000. Which of the following is the tax liability of Mr. A?

Rs. 15,000

Rs. 21,000

**Rs. 27,000**

Rs. 36,000

**REFERENCE:**

4.50% applies as per tax rates.

**Handouts Page 125**

Question No: 41 ( Marks: 1 ) - Please choose one

Which of the following is the Tax Treatment of utilities for the year 2009?

**Wholly taxable**

Wholly exempted

**Note: Solve these papers by yourself**

**This VU Group is not responsible for any solved content**

[www.vuaskari.com](http://www.vuaskari.com)

**Composed & Solved**  
**Laiba Butt & Qazi Umer (1 Nation)**  
**Vu Askari Team**  
[www.vuaskari.com](http://www.vuaskari.com)

Exempt up to 10% of MTS

Exempt up to 1% of MTS

**REFERENCE:**

Handouts Page 47

Question No: 42 ( Marks: 1 ) - Please choose one

A firm ABC maintaining its account in cash basis, at June 27, 2008 it incurred expenses for Rs. 10,000 but actual payments made at 01 August 2008. It would be charge to tax into the tax year:

2006

2007

2008

**2009**

**REFERENCE:**

Using cash bases you record your payments/receipts when they are actually paid/received. So actual payment is made at 01 August 2008 that's why it will be charged to tax year 2009.

**PAPER NUMBER 4**

**FINAL TERM EXAMINATION**  
**Spring 2009 FIN623- Taxation Management (Session - 2)**

Marks: 81

Question No: 1 ( Marks: 1 ) - Please choose one

Taxes are important instrument of which one of the following policy?

▶ Monetary policy

**▶ Fiscal policy**

▶ Trade Policy

▶ Economic Policy

**REFERENCE:**

Handouts Page 1

Question No: 2 ( Marks: 1 ) - Please choose one

Which of the following is opposite to the literal meanings of Tax?

▶ Burden

▶ Strain

▶ Load

**▶ Relieve**

**Note: Solve these papers by yourself**

**This VU Group is not responsible for any solved content**

[www.vuaskari.com](http://www.vuaskari.com)

**Composed & Solved**  
**Laiba Butt & Qazi Umer (1 Nation)**  
**Vu Askari Team**  
[www.vuaskari.com](http://www.vuaskari.com)

**Question No: 3 ( Marks: 1 ) - Please choose one**

Sec. (11A) of Income Tax Ordinance 2001 defined:

Charitable purpose includes relief of the poor, education, medical relief and the advancement of any other object of general public utility.

In which criteria the above definition falls?

- ▶ Exclusive definition
- ▶ **Inclusive definition**
- ▶ Both Exclusive and Inclusive definitions
- ▶ Statutory definition

**REFERENCE:**

Handouts Page 8

**Question No: 4 ( Marks: 1 ) - Please choose one**

Which of the following is the mutual example of both inclusive and exclusive definitions?

- ▶ Appellate Tribunal 2(2)
- ▶ **Banking Company 2(7)**
- ▶ Association of Person 2(6)
- ▶ Employment 2(22)

**REFERENCE:**

Handouts Page 9

**Question No: 5 ( Marks: 1 ) - Please choose one**

Which of the following is the Special Accounting Year of Sugar Companies?

- ▶ 1st January to 31st December
- ▶ 1st July to 30th June
- ▶ **1st October to 30th September**
- ▶ 1st September to 31st August

**REFERENCE:**

:

Handouts Page 11

**Question No: 6 ( Marks: 1 ) - Please choose one**

Suppose a Profit acquired by a cultivator for produce after harvesting.

The profit of the cultivator will be treated in

- ▶ Income from Business
- ▶ **Agriculture Income**
- ▶ Income from Property
- ▶ Capital Gain

**REFERENCE:**

Handouts Page 20

**Note: Solve these papers by yourself**

**This VU Group is not responsible for any solved content**

[www.vuaskari.com](http://www.vuaskari.com)

**Composed & Solved**  
**Laiba Butt & Qazi Umer (1 Nation)**  
**Vu Askari Team**

[www.vuaskari.com](http://www.vuaskari.com)

**Question No: 7 ( Marks: 1 ) - Please choose one**

Suppose due to hailstorm damages caused to crops that was insured against Insurance policy.

The compensation received from an insurance company for damages caused by hailstorm. What will be the tax treatment of such amount received?

► Income from Business

► **Exempt as Agriculture Income**

► Income from Property

► Capital Gain

**REFERENCE:**

Handouts Page20

**Question No: 8 ( Marks: 1 ) - Please choose one**

What is the tax treatment of any profit on the US Dollar Bonds purchased by the resident person after December 1999 under Second Schedule?

► Wholly exempt

► Wholly taxable

► **Tax @10% of profit paid**

► Not mention in second schedule

**REFERENCE:**

Any profit on Special US Dollar Bonds issued under the Special US Dollar Bonds Rules, 1998:

Provided that the exemption under this clause shall not apply to profits on the said bonds purchased by a resident person out of any incremental deposits made in the foreign currency accounts on or after the 16th day of December, 1999, or out of new accounts opened on or after the said date.

**handouts**

Profit on Special US Dollar Bonds or out of new account opened after December 16, 1999. At the Rate of 10 percent of amount of profit by Resident Person

**Question No: 9 ( Marks: 1 ) - Please choose one**

Salary income received by resident person from Federal Government of Pak is in UK belongs to which of the following?

► **Pakistani source of Income**

► Foreign source of income

► Both Pakistan and foreign source of income

► None of the given option

**REFERENCE:**

**Geographical Source of Income-Sec101 Pakistan-Source Income:**

1) Salary shall be Pakistan-source income to the extent to which the salary-

• Is received from any employment exercised in Pakistan, wherever paid; or

• Is paid by, or on behalf of, the Federal Government, a Provincial Government, or a local

**Note: Solve these papers by yourself**

**This VU Group is not responsible for any solved content**

[www.vuaskari.com](http://www.vuaskari.com)



*Composed & Solved*  
***Laiba Butt & Qazi Umer (1 Nation)***  
*Vu Askari Team*  
[www.vuaskari.com](http://www.vuaskari.com)

authority in Pakistan, wherever the employment is exercised

**Question No: 10 ( Marks: 1 ) - Please choose one**

Mr. Khan resident of Pakistan received salary from UK? His salary will be included in which of the following?

- ▶ Pakistan source income
- ▶ **Foreign source income**
- ▶ Both Pakistan and foreign source income
- ▶ None of the given options

**REFERENCE:**

**Question No: 11 ( Marks: 1 ) - Please choose one**

In which of the following heads of Income No deductions are allowed:

- ▶ **Salary Income**
- ▶ Income from Property
- ▶ Income from Business
- ▶ Capital Gains

**REFERENCE:**

Handouts Page 36

**Question No: 12 ( Marks: 1 ) - Please choose one**

Utilities were exempted up to 10% of MTS or Basic salary till 30th June, 2006, vide clause 38 of part 1 of Second Schedule. This clause has been omitted by:

- ▶ Finance Ordinance 2004
- ▶ Finance Ordinance 2005
- ▶ **Finance Act 2006**
- ▶ Finance Act 2007

**REFERENCE:**

Handouts Page 47

**Question No: 13 ( Marks: 1 ) - Please choose one**

MTS stands for which of the following?

- ▶ **Minimum time scale**
- ▶ Minimum transfer Salary
- ▶ Maximum time scale
- ▶ Maximum transfer Salary

**Question No: 14 ( Marks: 1 ) - Please choose one**

Which of the following is the tax treatment of free hospitalization services provided under the terms of employment?

- ▶ **Wholly exempt**
- ▶ Wholly taxable
- ▶ Taxable up to 10% of MTS

**Note: Solve these papers by yourself**

**This VU Group is not responsible for any solved content**

[www.vuaskari.com](http://www.vuaskari.com)

*Composed & Solved*  
***Laiba Butt & Qazi Umer (1 Nation)***  
*Vu Askari Team*  
[www.vuaskari.com](http://www.vuaskari.com)

► Exempt up to 10% of MTS

**REFERENCE:**

Handouts Page 48

**Question No: 15 ( Marks: 1 ) - Please choose one**

Which of the following may grant approval to any gratuity fund?

► Federal Tax Ombudsman

► Federal Government

► Superior judiciary

► **Commissioner of Income Tax**

**REFERENCE:**

Handouts Page 55

**Question No: 16 ( Marks: 1 ) - Please choose one**

Rental income earned is taxable on a net income basis that is, after deduction of tax admissible expenditure and allowances from gross rent, for up to Tax year:

► 2007

► 2008

► **2006**

► 2005

**Question No: 17 ( Marks: 1 ) - Please choose one**

Debt means "any amount owing", than which one of the following doesn't cover by the definition of Debt under section 2(15)?

► Accounts payable

► Promissory notes

► Bills of exchange

► **None of the given options**

**REFERENCE:**

Page 8

**Question No: 18 ( Marks: 1 ) - Please choose one**

What is the tax treatment for any fine or penalty paid or payable by the person for the violation of any law, rule or regulation?

► Deducted as per section 20

► **Not allowed to be deducted as per section 21**

► Deducted as per section 21

► Not allowed to be deducted as per section 22

**REFERENCE:**

Page 67

**Question No: 19 ( Marks: 1 ) - Please choose one**

Which section defines 'Speculation business' under head Income from business?

**Note: Solve these papers by yourself**

**This VU Group is not responsible for any solved content**

[www.vuaskari.com](http://www.vuaskari.com)

*Composed & Solved*  
***Laiba Butt & Qazi Umer (1 Nation)***  
*Vu Askari Team*  
[www.vuaskari.com](http://www.vuaskari.com)

► Section 20

► **Section 19**

► Section 24

► Section 18

**REFERENCE:**

Page 66

**Speculation Business Sec. 19:**

• Speculation means any business in which a contract for the purchase and sale of any commodity (including [stocks] and shares) is periodically or ultimately settled otherwise than by the actual delivery or transfer of the commodity, but does not include a business in which:

**Question No: 20 ( Marks: 1 ) - Please choose one**

Which of the following is the rate of amortization of pre-commencement expenditure under section 25 of the income tax ordinance 2001?

► 10%

► **20%**

► 30%

► 50%

**REFERENCE:**

Page 130

**Question No: 21 ( Marks: 1 ) - Please choose one**

A/B

The above formula is for the calculation of Amortization deduction allowed under section 24. Which of the following is the value of A?

► Normal useful life of intangible

► Book value of intangible

► **Cost of intangible**

► Sale price of intangible

**REFERENCE:**

Page 68

**Question No: 22 ( Marks: 1 ) - Please choose one**

Turnover from all sources Rs.50, 000,000

Tax liability (due to loss or exemption from tax) = Nil

What will be the minimum tax to be paid at 0.5% of turnover?

► Rs.300, 000

► Rs.200, 000

► **Rs.250, 000**

► Rs.100, 000

**REFERENCE:**

0.5% of 50,000,000 = 250,000

**Note: Solve these papers by yourself**

**This VU Group is not responsible for any solved content**

[www.vuaskari.com](http://www.vuaskari.com)

*Composed & Solved*  
***Laiba Butt & Qazi Umer (1 Nation)***  
*Vu Askari Team*  
[www.vuaskari.com](http://www.vuaskari.com)

**Question No: 23 ( Marks: 1 ) - Please choose one**

Section 22(15) defines depreciable asset means:

- ▶ Any tangible movable property
- ▶ Any tangible immovable property (other than unimproved land)
- ▶ Structural improvement to immovable property

▶ **All of the given options**

**REFERENCE:**

Page68

**Question No: 24 ( Marks: 1 ) - Please choose one**

Which section define this 'Income tax depreciation is admissible only in respect of depreciable assets'.

▶ **Section 22(15)**

- ▶ Section 22 (11)
- ▶ Section 23 A
- ▶ Section 24

**REFERENCE:**

Page68

**Question No: 25 ( Marks: 1 ) - Please choose one**

A-B

From the above formula the value 'B' represents which of the following?

- ▶ Consideration received on disposal of the capital asset

▶ **Cost of the asset**

- ▶ Amount of Depreciation
- ▶ Market value of the Capital asset

**REFERENCE:**

Page79

**Question No: 26 ( Marks: 1 ) - Please choose one**

Income from Dividends charged to tax under which of the following heads of Income?

- ▶ Income form Property
- ▶ Income from Business
- ▶ Income from Capital Gain

▶ **Income from Other Sources**

**REFERENCE:**

Page83

**Question No: 27 ( Marks: 1 ) - Please choose one**

Appeal to the collector of sales tax may be filed within which of the period?

- ▶ 60 days
- ▶ 90 days
- ▶ 180 days

**Note: Solve these papers by yourself**

**This VU Group is not responsible for any solved content**

[www.vuaskari.com](http://www.vuaskari.com)

*Composed & Solved*  
*Laiba Butt & Qazi Umer (1 Nation)*  
*Vu Askari Team*  
[www.vuaskari.com](http://www.vuaskari.com)

► 30 days

**REFERENCE:**

Page120

**Question No: 28 ( Marks: 1 ) - Please choose one**

Members of income tax appellate tribunal are appointed by which of the following authorities?

- Income Tax Department
- Provincial Government
- **Federal Government**
- Judicial Commission

**REFERENCE:**

Page108

**Question No: 29 ( Marks: 1 ) - Please choose one**

The office of Superintendent of Sales Tax, or such other office as the Board may, by notification in the official Gazette, specify is called;

- Income tax office
- Registered office
- **Local Sales Tax Office**
- None of the given options

**REFERENCE:**

Page 113

**Question No: 30 ( Marks: 1 ) - Please choose one**

In relation to any registered person means the tax charged under the Sales tax Act in respect of a supply of goods made by that person and shall include duties of excise chargeable under section 3 of the Central Excises Act, 1944 (I of 1944) is known as;

► **Output tax**

- Input tax
- Income tax
- Wealth tax

**REFERENCE:**

Page115

**Question No: 31 ( Marks: 1 ) - Please choose one**

Capital value tax is levied on which of the following?

- Capital gain
- Gross profits
- **Capital value of asset**
- Intangible assets

**REFERENCE:**

Page121

*Note: Solve these papers by yourself*

*This VU Group is not responsible for any solved content*

[www.vuaskari.com](http://www.vuaskari.com)

**Composed & Solved**  
**Laiba Butt & Qazi Umer (1 Nation)**  
**Vu Askari Team**

[www.vuaskari.com](http://www.vuaskari.com)

**Question No: 32 ( Marks: 1 ) - Please choose one**

Mr. X employed in Pakistan remittance from USA received Rs. 10,000 in Pakistan from past profits. Which of the following is right for the above scenario?

- ▶ Mr. X being resident of Pakistan Rs. 10,000 will be added in Gross total income
- ▶ Mr. X being resident of Pakistan Rs. 10,000 will be Subtracted in Gross total income
- ▶ Mr. X being non-resident of Pakistan Rs. 10,000 will be added in Gross total income
- ▶ **Remittance is not income hence it is not included**

**Question No: 33 ( Marks: 1 ) - Please choose one**

Which of the following is the general formula for calculating tax credits?

- ▶  $(A+B) \times C$
- ▶  $(A-B) \times C$
- ▶  **$(A/B) \times C$**
- ▶  $(A/B) + C$

**REFERENCE:**

Page 41

**Question No: 34 ( Marks: 1 ) - Please choose one**

A woman taxpayer shall be charged to tax if taxable income is:

- ▶ Less than Rs. 100,000
- ▶ Less than Rs. 150,000
- ▶ More than Rs. 200,000
- ▶ **More than Rs. 240,000**

**REFERENCE:**

Page 45

**Question No: 35 ( Marks: 1 ) - Please choose one**

Which of the following is the rate of tax for salaried Individuals for tax year 2009, where the taxable income exceeds Rs. 250,000 but does not exceed Rs. 350,000?

- ▶ Nil
- ▶ 0.250%
- ▶ 0.50%
- ▶ **0.75%**

**REFERENCE:**

Page 125

**Question No: 36 ( Marks: 1 ) - Please choose one**

Mr. A is an employee of Government of the Punjab, his data for the year 2009 is given below.

Salary Rs. 60,000 per month

Gratuity Rs. 1,000,000

Tax deducted at source Rs. 54,000

What will be the Mr. A's taxable income for tax year 2009?

- ▶ 774,000

**Note: Solve these papers by yourself**

**This VU Group is not responsible for any solved content**

[www.vuaskari.com](http://www.vuaskari.com)

*Composed & Solved*  
***Laiba Butt & Qazi Umer (1 Nation)***  
*Vu Askari Team*  
[www.vuaskari.com](http://www.vuaskari.com)

► 720,000

► 1,060,000

► 1,720,000

**REFERENCE:**

Page 55 and 56.

Taxable income will be  $60000 \times 12 = 720000$

And tax payable will be  $720000 - 54000 = 666000$

**Question No: 37 ( Marks: 1 ) - Please choose one**

Statutory Provident Fund is governed by:

► Finance Act 2006

► Insurance Act 1969

► Provident Funds Act 1925

► None of the given options

**REFERENCE:**

Page 60

**Question No: 38 ( Marks: 1 ) - Please choose one**

What will be the tax liability of an individual who has received an income of Rs. 470,000 under the head income from property?

► Rs. 17,750

► Rs. 23,500

► Rs. 47,000

► Rs. 70,500

**REFERENCE:**

$12,500 + 7.5\%$  of the amount exceeding 400,000

$7.5\%$  of 70,000 = 5250

$12500 + 5250 = 17,750$

**Question No: 39 ( Marks: 1 ) - Please choose one**

Any salary paid or payable exceeding paid other than by a crossed cheque or direct transfer of funds to the employee's bank account is not allowed to deduct under section 21 of the ordinance.

► Five thousand rupees per month

► Ten thousand rupees per month

► Fifteen thousand rupees per year

► Two hundred thousand rupees per year

**REFERENCE:**

Page 67

**Note: Solve these papers by yourself**

**This VU Group is not responsible for any solved content**

[www.vuaskari.com](http://www.vuaskari.com)

*Composed & Solved*  
***Laiba Butt & Qazi Umer (1 Nation)***  
*Vu Askari Team*  
[www.vuaskari.com](http://www.vuaskari.com)

**Question No: 40 ( Marks: 1 ) - Please choose one**

Which of the following is the rate of tax for AOP for income exceeds Rs. 100,000 but does not exceed Rs. 180,000

- ☒ 0%
- ☐ 0.25%
- ☐ 0.50%
- ☐ 0.75%

**REFERENCE:**

Check out Page70. I think question is wrong, instead of 180,000 here must be 110,000 then it will be option 1.

**Question No: 41 ( Marks: 1 ) - Please choose one**

What is the tax rate of Banking companies for the

- ☒ 35%
- ☐ 44%
- ☐ 54%
- ☐ 42%

**REFERENCE:**

ISLAMABAD: A comparative analysis of corporate tax rate on banking companies revealed that Pakistan's 35 percent rate is quite low as compared to other countries in the region.

**Question No: 42 ( Marks: 1 ) - Please choose one**

Amount of Capital value tax for the year 2009 for a motor vehicle, not exceeding 850 cc, should be which of the following?

- ☐ Rs. 3,500
- ☒ Rs. 7,500
- ☐ Rs. 8,500
- ☐ Nil

**REFERENCE:**

Motor vehicle of an engine capacity  
Up to 850cc

Amount of Tax  
Rs. 7,500

**PAPER NUMBER5**

*Note: Solve these papers by yourself*

*This VU Group is not responsible for any solved content*

[www.vuaskari.com](http://www.vuaskari.com)



*Composed & Solved*  
***Laiba Butt & Qazi Umer (1 Nation)***  
*Vu Askari Team*  
[www.vuaskari.com](http://www.vuaskari.com)

**FINAL TERM EXAMINATION**  
**Spring 2010**  
**FIN623- Taxation Management**

**Question No: 1 ( Marks: 1 ) - Please choose one**

Which of the following is not an employment tax?

- ▶ Social Security Tax
- ▶ **Federal Excise Tax**
- ▶ Federal unemployment compensation tax
- ▶ State unemployment compensation tax

**REFERENCE:**

Our solved midterm papers

**Question No: 2 ( Marks: 1 ) - Please choose one**

How many Sections are included in the **Income Tax Ordinance 2001**?

- ▶ 340 sections
- ▶ 440 sections
- ▶ 140 sections
- ▶ **240 sections**

**Ref:**

Basic Features of Income Tax Ordinance 2001

Scheme of the Ordinance is given below:

- ☐ There are thirteen chapters
- ☐ Chapters are divided into:
- ☐ Parts &
- ☐ Divisions
- ☐ There are 240 Sections

**Question No: 3 ( Marks: 1 ) - Please choose one**

How many Schedules are contained in the **Income Tax Ordinance 2001**?

- ▶ Three Schedule
- ▶ Fifth Schedule
- ▶ **Seven Schedules**
- ▶ Nine Schedules

**REFERENCE:**

Basic Features of Income Tax Ordinance 2001

Scheme of the Ordinance is given below:

There are thirteen chapters

Chapters are divided into:

Parts &

Divisions

There are 240 Sections

**Note: Solve these papers by yourself**

**This VU Group is not responsible for any solved content**

[www.vuaskari.com](http://www.vuaskari.com)

**Composed & Solved**  
**Laiba Butt & Qazi Umer (1 Nation)**  
**Vu Askari Team**  
[www.vuaskari.com](http://www.vuaskari.com)

This ordinance comprises of seven Schedules  
Schedules are integral part of the Ordinance.

**Question No: 4 ( Marks: 1 ) - Please choose one**

Section 2(13) of Income Tax Ordinance 2001 defined:

“Commissioner” means a person appointed as a Commissioner of Income Tax under section

208, and includes a taxation officer vested with all or any of the powers, and functions of the

Commissioner;

In which criteria the above definition falls?

- ▶ **Exclusive definition**
- ▶ Inclusive definition
- ▶ Both Exclusive and Inclusive definitions
- ▶ Statutory definition

**Ref:**

Page 8 (All Definitions starting with the word ‘means’ are Exclusive)

**Question No: 5 ( Marks: 1 ) - Please choose one**

Which of the following is the Special Accounting Year of Insurance Companies?

- ▶ **1st January to 31st December**
- ▶ 1st July to 30th June
- ▶ 1st October to 30th September
- ▶ 1st September to 31st August

**Ref:**

All Insurance Companies 1st January to 31st December

**Question No: 6 ( Marks: 1 ) - Please choose one**

Certain incomes those are excluded from tax are called as:

- ▶ Perquisites
- ▶ **Exemptions**
- ▶ Allowances
- ▶ Deductions

**REFERENCE:**

- ☐ Deemed Income at Par with real income
- ☐ Cash Basis Vs Accrual Basis
- ☐ Illegal Income
- ☐ Lump Sum Receipts
- ☐ Tax-free income
- ☐ Income can not be taxed twice, if not expressly
- ☐ Mentioned otherwise
- ☐ Charge on Person
- ☐ Certain Incomes excluded from Taxable Income (exemptions)
- ☐ Lump Sum Receipts
- ☐ Tax-free income

**Note: Solve these papers by yourself**

**This VU Group is not responsible for any solved content**

[www.vuaskari.com](http://www.vuaskari.com)

**Composed & Solved**  
**Laiba Butt & Qazi Umer (1 Nation)**  
**Vu Askari Team**  
[www.vuaskari.com](http://www.vuaskari.com)

- ☐ Income can not be taxed twice, if not expressly
- ☐ Mentioned otherwise
- ☐ Certain Incomes excluded from Taxable Income (exemptions)

**Question No: 7 ( Marks: 1 ) - Please choose one**

If person supplying water to the land for the purpose of growing rice in the field and he charged money from the cultivator against the water supplied.

What will be the tax treatment of such income?

► **Taxable as Non-Agriculture Income**

- Exempt as Agriculture Income
- Allowed Reduction in tax rate
- Allowed reduction in tax liability

**REFERENCE:**

☐ Income from sale of agricultural produce received by way of price for water supplied to land.

**Question No: 8 ( Marks: 1 ) - Please choose one**

The process of clubbing of income results in which of the following?

- Lower Bracket rate of tax is charged
- **Higher Bracket rate of tax is charged**
- Moderate Bracket rate of tax is charged
- No change occur due to clubbing

**Question No: 9 ( Marks: 1 ) - Please choose one**

Date for the exemption limit for Foreign Currency Account (FCA) under Clause 80 of the Part I of Second Schedule is available to which of the following?

► **16 December 1999**

- 16 November 1999
- 16 July 2001
- 1st July 2002

**REFERENCE:**

Page23

**Question No: 10 ( Marks: 1 ) - Please choose one**

Any amount received under Part 3 of Second Schedule, as flying allowance by pilots etc. and junior commissioned officers or other ranks shall be taxed at the rate of \_\_\_\_\_ as separate block.

► **2.5%**

- 5.5%
- 7.5%
- 9.5%

**REFERENCE:**

Page25

**Note: Solve these papers by yourself**

**This VU Group is not responsible for any solved content**

[www.vuaskari.com](http://www.vuaskari.com)

*Composed & Solved*  
***Laiba Butt & Qazi Umer (1 Nation)***  
*Vu Askari Team*  
[www.vuaskari.com](http://www.vuaskari.com)

Question No: 11 ( Marks: 1 ) - Please choose one

Which of the following days shall be counted as whole day for the computation of residential status of an individual?

- ▶ A public holiday
- ▶ A day of sick leave
- ▶ Any strike day
- ▶ All of the given options

**Ref:**

Page 27

Question No: 12 ( Marks: 1 ) - Please choose one

Rental income shall be Pakistan-source income if it is derived from:

- ▶ The lease of immovable Property in Pakistan
- ▶ The lease of immovable Property outside Pakistan
- ▶ The lease of immovable Property both in and out of Pakistan
- ▶ None of the given options

**REFERENCE:**

Page 29

Question No: 13 ( Marks: 1 ) - Please choose one

Pension received by Mr. John through permanent establishment in Pakistan is belonging to which of the following?

- ▶ Pakistani source of Income
- ▶ Foreign source of income
- ▶ Both Pakistan and foreign source of income
- ▶ None of the given option

**REFERENCE:**

Page 28

**Geographical Source of Income-Sec101 Pakistan-Source Income:**

A permanent establishment of the non-resident person in Pakistan

Question No: 14 ( Marks: 1 ) Please choose one

What is the tax treatment of losses from the foreign source under section 104 of the ordinance?

- ▶ Wholly taxable
- ▶ Partly Taxable
- ▶ Deductible expenditure
- ▶ None of the given options

**REFERENCE:**

**Foreign losses Sec.104: Deductible expenditures incurred by a person in deriving foreign source income chargeable to tax under a head of income shall be deductible only against that income**

**Note: Solve these papers by yourself**

**This VU Group is not responsible for any solved content**

[www.vuaskari.com](http://www.vuaskari.com)

**Composed & Solved**  
**Laiba Butt & Qazi Umer (1 Nation)**  
**Vu Askari Team**  
[www.vuaskari.com](http://www.vuaskari.com)

**Question No: 15 ( Marks: 1 ) - Please choose one**

Rental income earned is taxable on a net income basis that is, after deduction of tax admissible expenditure and allowances from gross rent, for up to Tax year:

- ▶ 2007
- ▶ 2008
- ▶ **2006**
- ▶ 2005

**Question No: 16 ( Marks: 1 ) - Please choose one**

On Building (all types) the depreciation rate specified for the purposes of section 22 shall be:

- ▶ **10%**
- ▶ 12%
- ▶ 5%
- ▶ 20%

**REFERENCE:**

Page 130

**Question No: 17 ( Marks: 1 ) - Please choose one**

Rates of depreciation is prescribed in which of the following part of third schedule of the Income Tax Ordinance:

- ▶ Part II
- ▶ Part III
- ▶ **Part I**
- ▶ None of the given options

**REFERENCE:**

Depreciation (Sec.22) Third Schedule Part 1

**Question No: 18 ( Marks: 1 ) - Please choose one**

Which section define this 'Income tax depreciation is admissible only in respect of depreciable assets'.

- ▶ **Section 22(15)**
- ▶ Section 22 (11)
- ▶ Section 23 A
- ▶ Section 24

**REFERENCE:**

Depreciation (Sec. 22)

Deduction for depreciation allowed to a person if depreciable assets used in the person's business in a tax year.

**Question No: 19 ( Marks: 1 ) - Please choose one**

Profit on debt charged to tax under which of the following heads of Income?

**Note: Solve these papers by yourself**

**This VU Group is not responsible for any solved content**

[www.vuaskari.com](http://www.vuaskari.com)

*Composed & Solved*  
*Laiba Butt & Qazi Umer (1 Nation)*  
*Vu Askari Team*  
[www.vuaskari.com](http://www.vuaskari.com)

- ▶ Income form Property
- ▶ Income from Business
- ▶ Income from Capital Gain
- ▶ **Income from Other Sources**

**REFERENCE:**

Page 83

**Question No: 20 (Marks: 1) - Please choose one**

Which of the following is NOT required to file the return of Income Tax under section 115?

- ▶ Every Company
- ▶ Every Firm
- ▶ Every person with land 250 sq yards
- ▶ **Orphan with age below 25**

**REFERENCE:**

Page 98

**Question No: 21 ( Marks: 1 ) - Please choose one**

Appeal to the collector of sales tax may be filed within which of the following time period?

- ▶ 60 days
- ▶ 90 days
- ▶ 180 days
- ▶ **30 days**

**REFERENCE:**

Page 120

**Question No: 22 ( Marks: 1 ) - Please choose one**

Members of income tax appellate tribunal are appointed by which of the following authorities?

- ▶ Income Tax Department
- ▶ Provincial Government
- ▶ **Federal Government**
- ▶ Judicial Commission

**REFERENCE:**

Page 106

**Question No: 23 ( Marks: 1 ) - Please choose one**

Federal Tax Ombudsman has the same powers as \_\_\_\_\_ to punish any person for its contempt..

- ▶ **Supreme court**
- ▶ High court
- ▶ City court

*Note: Solve these papers by yourself*

*This VU Group is not responsible for any solved content*

[www.vuaskari.com](http://www.vuaskari.com)

*Composed & Solved*  
***Laiba Butt & Qazi Umer (1 Nation)***  
*Vu Askari Team*  
[www.vuaskari.com](http://www.vuaskari.com)

► Provincial Government

**REFERENCE:**

Page111

**Question No: 24 ( Marks: 1 ) - Please choose one**

In relation to any registered person means the tax charged under the Sales tax Act in respect of a supply of goods made by that person and shall include duties of excise chargeable under section 3 of the Central Excises Act, 1944 (I of 1944) is known as:

► **Output tax**

- Input tax
- Income tax
- Wealth tax

**REFERENCE:**

Page115

**Question No: 25 ( Marks: 1 ) - Please choose one**

In Sales Tax Act "Zero - rated supply" means a taxable supply which is charged to tax at the rate of zero per cent define under

► **Section 4**

- Section 5
- Section 6
- Section 22

**REFERENCE:**

Page117

**Question No: 26 ( Marks: 1 ) - Please choose one**

Capital value tax is levied on which of the following?

- Capital gain
- Gross profits

► **Capital value of asset**

- Intangible assets

**REFERENCE:**

Page121

**Question No: 27 ( Marks: 1 ) - Please choose one**

What will be the tax liability of an individual who has received an income of Rs. 470,000 under the head income from property?

► **Rs.17,750**

- Rs. 23,500
- Rs. 47,000
- Rs. 70,500

**REFERENCE:**

**FOR COMPLETE DETAIL READ HANDOUTS PAGE#63.**

*Note: Solve these papers by yourself*

*This VU Group is not responsible for any solved content*

[www.vuaskari.com](http://www.vuaskari.com)

**Composed & Solved**  
**Laiba Butt & Qazi Umer (1 Nation)**  
**Vu Askari Team**  
[www.vuaskari.com](http://www.vuaskari.com)

Hence tax payable = 470,000  
Tax on initial 400,000 Rs. 12,500  
Tax on balance of Rs. 70,000 Rs. 5,250  
Tax thereon: Rs. 17,750

**Question No: 28 ( Marks: 1 ) - Please choose one**

A retailer whose value of supplies in any period during the last twelve months ending any tax period exceeds\_\_\_\_\_ are required to be registered under the Sales Tax Act 1990;

► Forty million rupees

► **Twenty million rupees**

► Ten million rupees

► Five million rupees

**REFERENCE:**

Page 118

**Question No: 29 ( Marks: 1 ) - Please choose one**

Mr. Amjad (employed by Federal Government) received a basic salary of Rs. 100,000 during the year ended 30.06.2009. He received leave encashment amounting to Rs. 12,000 per month and the special allowance @ 25% which is Rs. 8,400 per month. What would be his taxable income?

► Rs. 50,000

► **Rs. 100,000**

► Rs. 200,800

► Rs. 244,000

**REFERENCE:**

**Instructor's Reply:**

The correct answer is 100,000 as he is federal Government so the allowance and leave encashment is exempt from tax.

**Question No: 30 ( Marks: 1 ) - Please choose one**

Mr. Shahmeer has a gross tax of Rs. 97,200 and taxable income of Rs. 972,000 during the year ended 30.06.2009. He has invested shares in public company of Rs. 120,000 and donated to Mayo Hospital Rs. 30,180. What would be the amount of average relief?

► **Rs. 12,738**

► Rs. 3,018

► Rs. 9,720

► Rs. 12,000

**REFERENCE:**

$A/B * C$  is the formula to calculate tax relief.

A= Gross Tax

B= Taxable income

**Note: Solve these papers by yourself**

**This VU Group is not responsible for any solved content**

[www.vuaskari.com](http://www.vuaskari.com)



**Composed & Solved**  
**Laiba Butt & Qazi Umer (1 Nation)**  
**Vu Askari Team**  
[www.vuaskari.com](http://www.vuaskari.com)

C in case of Donation is lesser of:

30% of taxable income or amount of donation

$$972,000 \times 0.30 = 291,600$$

So the amount of donation is less it will be C

$$C = 30,180$$

C in case of shares of public company will be lesser of:

Total cost of acquiring the shares

10% of tax able income

300,000 rupees

Cost of acquiring shares = 120,000

10% of 972,000 = 97,200

So C is 97,200

Add both C =  $30,180 + 97,200 = 127,380$

$$97,200 / 972,000 \times 127,380$$

12,738

**Question No: 31 ( Marks: 1 ) - Please choose one**

Which of the following is the general formula for calculating tax credits?

▶  $(A+B) \times C$

▶  $(A-B) \times C$

▶  $(A/B) \times C$

▶  $(A/B) + C$

**REFERENCE:**

Page 41

**Question No: 32 ( Marks: 1 ) - Please choose one**

Salary is the first head or source of income mentioned in which of the following sections of the Income Tax Ordinance 2001?

▶ **Section 12**

▶ Section 34

▶ Section 20

▶ Section 85

**Note: Solve these papers by yourself**

**This VU Group is not responsible for any solved content**

[www.vuaskari.com](http://www.vuaskari.com)

**Composed & Solved**  
**Laiba Butt & Qazi Umer (1 Nation)**  
**Vu Askari Team**  
[www.vuaskari.com](http://www.vuaskari.com)

**REFERENCE:**

Page37

**Question No: 33 ( Marks: 1 ) - Please choose one**

Mr. Zahoor received a basic salary of Rs. 10,000 per month during the year ended 30.06.2009. He has received rent free unfurnished accommodation by his employer. He was entitled to receive rent @ Rs. 4,000, per month, if this accommodation was not provided to him. What would be his tax payable?

► Nil

- Rs. 133,980
- Rs. 195,000
- Rs. 210,000

**REFERENCE:**

Basic salary (10,000 \*12) 120,000

rent free unfurnished accommodation (4000\*12% = 48000)

Or

45% of basic salary ( 120000\*45%= 54000) 54,000

Tax payable 174,000

Where the taxable income does not exceed Rs. 180,000, Rate is 0%

**Question No: 34 ( Marks: 1 ) - Please choose one**

Mr. Shafqat received a basic salary of Rs. 200,000 during the year ended 30.06.2009. He has received lunch facility, cost of living allowance and adhoc relief of Rs. 6,000, 50,000, and 7,800 respectively. What would be his tax payable?

- Rs. 1,030
- Rs. 1,039
- Rs. 1,069
- **Rs. 1,978.5**

**REFERENCE:**

Calculations:

Tax payer: Mr. Shafqat Tax year: 2009

Residential Status: Resident NTN: 000111

Computation of taxable income and tax thereon:

In Rs

Particulars	Total income	Exempt	Taxable
income income			
Salary	200,000	Nil	200,000
Lunch facility	6,000	Nil	6,000
Cost living allowance	50,000	Nil	50,000
adhoc relief	7,800	Nil	7,800

**Note: Solve these papers by yourself**

**This VU Group is not responsible for any solved content**

[www.vuaskari.com](http://www.vuaskari.com)

**Composed & Solved**  
**Laiba Butt & Qazi Umer (1 Nation)**  
**Vu Askari Team**  
[www.vuaskari.com](http://www.vuaskari.com)

Total income taxable 263,800

Tax rate income payable =  $263,800 \times 0.75\% = 1,978.5$

**Question No: 35 ( Marks: 1 ) - Please choose one**

Mr. Asif received a salary of Rs. 200,000 during the year ended 30.06.2009. His MTS is (Rs.55,000-5,000-70,000). He has received medical allowance and facility of interest free loan from his employer of Rs. 10,000 per month and Rs. 900,000 respectively. What would be his tax payable?

► Rs. 1,987.5

► **Rs. 2,535**

► Rs. 107,500

► Rs. 134,200

**REFERENCE:**

Mr. Asif received a salary of Rs. 200,000 during the year ended 30.06.2009. His MTS is (Rs. 55,000-5,000-70,000). He has received medical allowance and facility of interest free loan from his employer of Rs. 10,000 per month and Rs. 900,000 respectively. What would be his tax payable?

Sir see my working is it right?

Taxpayable of Mr.Sadiq: Basic salary 200,000 Medical Allowance 120,000 (10% of 200,000=20,000) (20,000) 180,000 11% of loan is chargeable to tax 11% 900,000=99000 99000 399000 Tax liability :  $399000 \times 2\% = 7980$

Post Your Comments

Other Students' Comments: 0

---

Instructor's Reply:

Your calculation is correct but the rate will be 1.5%.

**IT SHOWS MCQ OPTIONS ARE WRONG**

**Question No: 36 ( Marks: 1 ) - Please choose one**

In case, general provident is approved by Govt. or a local authority or a statutory body under clause 13 (1) of the Income Tax Ordinance 2001 then what will be the treatment of such Gratuity fund?

► **Wholly exempt**

► Exempt up to Rs. 100,000

► Exempt up to Rs. 200,000 and exceeding amount will be charged as salary

► 50% of the amount receivable or Rs. 75,000 whichever is less

**REFERENCE:**

Page 49

**Question No: 37 ( Marks: 1 ) - Please choose one**

Mr. Afsar received a basic salary of Rs. 900,000 during the year ended 30.06.2009. He

**Note: Solve these papers by yourself**

**This VU Group is not responsible for any solved content**

[www.vuaskari.com](http://www.vuaskari.com)

**Composed & Solved**  
**Laiba Butt & Qazi Umer (1 Nation)**  
**Vu Askari Team**

[www.vuaskari.com](http://www.vuaskari.com)

has received dividend income of Rs. 15,000 and verifiable personal medical expenses of Rs. 20,000. What would be his tax payable?

- ▶ Rs. 67,500
- ▶ Rs. 84,150
- ▶ Rs. 82,800
- ▶ **Rs. 82,350**

**REFERENCE:**

Salary 900,000  
ADD:dividend income 15,000  
LESS: expenses 20,000  
**Total income taxable 915,000**  
Tax payable =  $915000 \times 9\% = 82350$

**Question No: 38 ( Marks: 1 ) - Please choose one**

The taxable income of Mr. Sabahat is Rs. 460,400 during the year ended 30.06.2009. He has

received an interest free loan of Rs. 100,000 at which the employer charged interest at a rate of

12%. What would be his tax payable?

- ▶ **Rs. 16,534**
- ▶ Rs. 460,400
- ▶ Rs. 472,400
- ▶ Rs. 560,400

**REFERENCE:**

Salary 460,400  
ADD:Interest free loan  $100,000 \times 12\%$  12000  
**Total income taxable 472,400**  
**Tax rate income payable =  $472,400 \times 3.50\% = \text{Rs. 16,534}$**

**Question No: 39 ( Marks: 1 ) - Please choose one**

Mr. Sufyan has rented out his house at Rs. 80,000 per month. As per rent deed he has received an

amount of Rs. 150,000 as advance, which is non adjustable against rent. What would be the

amount of rent chargeable to tax?

- ▶ Rs. 40,000
- ▶ **Rs. 975,000**
- ▶ Rs. 73,000
- ▶ Rs. 100,800

**REFERENCE:**

Rental income 960,000  
ADD:Non adjustable dvance 15,000

**Note: Solve these papers by yourself**

**This VU Group is not responsible for any solved content**

[www.vuaskari.com](http://www.vuaskari.com)

*Composed & Solved*  
***Laiba Butt & Qazi Umer (1 Nation)***  
*Vu Askari Team*

[www.vuaskari.com](http://www.vuaskari.com)

**Total** **975,000**

**Question No: 40 ( Marks: 1 ) - Please choose one**

Mr. Tareen let out a house at the monthly rent of Rs. 150,000 and received a deposit of Rs.

65,000 not adjustable against the rent. What would be his tax payable?

- ▶ Rs. 3,250
- ▶ Rs. 325
- ▶ Rs. 92,400
- ▶ Rs. 215,000

**REFERENCE:**

Rental income  $150,000 \times 12 = 1800000$

ADD: Non adjustable Advance (n-1)  $\frac{65,000}{1865000}$

**RATE FOR INCOME FROM PROPERTY ARE GIVEN IN AHNDOUTS**  
**PAGE#63**

Rate of gross amount = 5%

Tax payable =  $1865000 \times 5\% = 93250$

**Question No: 41 ( Marks: 1 ) - Please choose one**

Mr. Liaqat during the year ended 30<sup>th</sup> June 2009 received a net profit of Rs. 60,000. He has

received profit on sale of investments of Rs. 10,000 and interest on government securities of Rs.

3,000. What will be his income from profession?

- ▶ Rs. 53,000
- ▶ Rs. 67,000
- ▶ **Rs. 73,000**
- ▶ Rs. 47,000

**REFERENCE:**

net profit 60,000

profit on sale of investments 10,000

interest on government securities 3,000

**Income from profession** **73,000**

**Question No: 42 ( Marks: 1 ) - Please choose one**

**Note: Solve these papers by yourself**

**This VU Group is not responsible for any solved content**

[www.vuaskari.com](http://www.vuaskari.com)

**Composed & Solved**  
**Laiba Butt & Qazi Umer (1 Nation)**  
**Vu Askari Team**

[www.vuaskari.com](http://www.vuaskari.com)

Mr. Mohsin during the year ended 30<sup>th</sup> June 2009 received a net profit of Rs. 250,000. He has maintained a reserve for meeting contingent liability. The maintenance cost him Rs. 25,000 and he has paid for purchase of goodwill Rs. 30,000. What will be his income from profession?

- ▶ Rs. 170,000
- ▶ Rs. 230,000
- ▶ **Rs. 255,000**
- ▶ Rs. 330,000

**REFERENCE:**

net profit = Rs. 250,000  
maintained cost a reserve for meeting = Rs. 25,000  
paid for purchase of goodwill = Rs. 30,000  
income from profession = **Rs. 255,000**

**Question No: 43 ( Marks: 1 ) - Please choose one**

Mr. Jamil an engineer has received consultancy fee of Rs. 385,000. He has paid design and draft related salaries and site supervisors Rs. 45,000 and Rs. 36,000 respectively. What will be his income from profession?

- ▶ **Rs. 304,000**
- ▶ Rs. 394,000
- ▶ Rs. 376,000
- ▶ Rs. 466,000

**REFERENCE:**

Consultancy fee = Rs. 385,000  
Paid design and draft related salaries = Rs. 45,000  
site supervisors = Rs. 36,000  
Income from profession = 304,000

**Instructor's Reply:**

Yes as both are expenses so the right answer will be 304,000

**Question No: 44 ( Marks: 1 ) - Please choose one**

Mrs. Mazhar during the year ended 30<sup>th</sup> June 2009 received salary of Rs. 80,000 per month. She has received income from fish catching business of Rs. 30,000. What will be her income from profession?

- ▶ Rs. 50,000
- ▶ Rs. 110,000
- ▶ **Rs. 990,000**

**Note: Solve these papers by yourself**

**This VU Group is not responsible for any solved content**

[www.vuaskari.com](http://www.vuaskari.com)

*Composed & Solved*  
*Laiba Butt & Qazi Umer (1 Nation)*  
*Vu Askari Team*  
[www.vuaskari.com](http://www.vuaskari.com)

► Rs. 960,000

**REFERENCE:**

$960,000 + 30,000 = 990,000$ .

Both are income so they will be added.

**Question No: 45 ( Marks: 1 ) - Please choose one**

M/s Junior during the year ended 30<sup>th</sup> June 2009 received a net profit of Rs. 139,400. The income tax as per P&L account is worth Rs. 2,500 and loss by embezzlement of Rs. 5,000. What

will be the tax payable of the company?

► Rs. 785,000

► **Rs. 51,415**

► Rs. 730,000

► Rs. 725,000

**REFERENCE:**

As the amount of net profit is given so both the values will be add back as net profit is calculated by subtracting these amounts.

$139400 + 5000 + 2500 = 146,900$

$146,900 \times 0.35 = 51,415$

**Question No: 46 ( Marks: 1 ) - Please choose one**

Mr. Qasim received income from business of Rs. 107,000. He has received gain on sale of

residential house of Rs. 140,000. What will be his taxable income?

► Rs. 50,000

► Rs. 300,000

► **Rs. 107,000**

► Rs. 100,000

**REFERENCE:**

Instructor's Reply:

His income will be Rs. 107,000 because income from residential house is exempt from tax.

**Question No: 47 ( Marks: 1 ) - Please choose one**

Mr. Sabir received income from business of Rs. 107,000. He has received profit on encashment

of Defence Saving Certificates of Rs. 10,000. What will be his income from profession?

► Rs. 300,000

► Rs. 200,000

► **Rs. 107,000**

*Note: Solve these papers by yourself*

*This VU Group is not responsible for any solved content*

[www.vuaskari.com](http://www.vuaskari.com)

*Composed & Solved*  
*Laiba Butt & Qazi Umer (1 Nation)*  
*Vu Askari Team*  
[www.vuaskari.com](http://www.vuaskari.com)

► Rs. 192,000

**Question No: 48 ( Marks: 1 ) - Please choose one**

Mrs. Gilani has received basic salary of Rs. 300,000 during the tax year 2009. She has received matured Defence Saving Certificates of Rs. 80,000 of which 70,000 were encashed. What will be his taxable income?

► Rs. 960,000

► Rs. 110,000

► Rs. 50,000

► **Rs. 310,000**

**REFERENCE:**

**matured Defence Saving Certificates 80,000**

<b>Less: encashed.</b>	<u><b>70,000</b></u>
	<b>=10,000</b>

**basic salary = 300,000**

**Add: 10,000**  
**taxable income=310,000**

*Note: Solve these papers by yourself*

*This VU Group is not responsible for any solved content*

[www.vuaskari.com](http://www.vuaskari.com)