



**ALLAMA IQBAL OPEN UNIVERSITY, ISLAMABAD  
(Department of Commerce)**

**BUSINESS TAXATION (456)**

**CHECK LIST**

**SEMESTER: AUTUMN, 2012**

This packet comprises following material:-

1. Text book (one)
2. Assignment No. 1 & 2
3. Assignment forms (Two sets)
4. Schedule for submitting the assignments and tutorial meetings.

If you find anything missing in this packet, please contact at the address given below:

**Assistant Registrar  
Mailing  
Allama Iqbal Open University  
H-8, Islamabad.  
051-9057611-12**

**Muhammad Munir  
(Course Coordinator)**

**ALLAMA IQBAL OPEN UNIVERSITY, ISLAMABAD**  
(Department of Commerce)

**WARNING**

1. **PLAGIARISM OR HIRING OF GHOST WRITER(S) FOR SOLVING THE ASSIGNMENT(S) WILL DEBAR THE STUDENT FROM AWARD OF DEGREE/CERTIFICATE, IF FOUND AT ANY STAGE.**
2. **SUBMITTING ASSIGNMENTS BORROWED OR STOLEN FROM OTHER(S) AS ONE'S OWN WILL BE PENALIZED AS DEFINED IN "AIOU PLAGIARISM POLICY".**

**Note:** You are required to solve all questions if you are unable to understand any question of assignment, do seek help from your concerned tutor. But keep in mind that tutors are not supposed to solve the assignment questions for you.

**Course: Business Taxation (456)**

**Semester: Autumn, 2012**

**Level: BA/B.Com**

**Total Marks: 100**

**ASSIGNMENT No. 1**

(Units 1–4)

*Note: All questions are compulsory.*

- Q.1 Explain the following from income tax view point: (20)
- i. Appellate Tribunal
  - ii. Pakistan Source Income
  - iii. Permanent Establishment
  - iv. Royalties
- Q.2 Explain the legal provisions governing the exemption of the following items. (20)
- a. Pensions
  - b. Income of Educational Institutes
  - c. Income of Governments
  - d. Profit on Debt
- Q.3 What are the allowances and deductions allowed under the head "income from business"? (20)
- Q.4 Discuss the necessity of differentiation between capital and revenue items from income tax viewpoint. Also discuss the various tests used for differentiation between them. (20)
- Q.5 From the following information, calculate taxable income, tax payable of Mr. Saad (a university teacher) as an individual. (20)

Sr. No.	Details	Amount (Rs.)
1.	Basic salary per annum	216,000
2.	Overtime	48,000
3.	Travelling Allowance	21,000

4.	Conveyance Allowance	180,000
5.	Medical Allowance	48,600
6.	Entertainment Allowance	40,000
7.	Zakat paid under Zakat Ordinance	4,600
8.	Donation to Mayo Hospital	30,180
9.	Tax Deducted at Source	6,500

Note: A rent free accommodation is provided to Mr. Saad by the university.

## ASSIGNMENT No. 2

(Units 5–9)

**Total Marks: 100**

- Q.1 What penalties can be imposed in the following cases? (20)
- a) Concealment of Income
  - b) Misleading Statements
  - c) Failure to Maintain Records
  - d) Non-Payment of Tax
- Q.2 Discuss different manners through which the Commissioner of Income Tax may recover the amount if a person fails to pay income tax. (20)
- Q.3 Describe the powers and functions of Federal Board of Revenue (FBR). (20)
- Q.4 From the following profit and loss account, calculate taxable income, tax payable of Hunza Trading Company Ltd. (20)

Salaries and wages	40,000	Gross profit	1,60,000
Rent, rates and taxes	20,000	Income from property	9,400
Establishment charges	5,000	Discount	6,400
Printing and stationery	1,800	Interest on govt. securities net	2,700
Postage and telegrams	1,500		
Fire insurance	200		
Advertisement	2,000		
Depreciation	3,000		
Loss of building by fire	8,000		
Staff welfare expenses	4,000		
Workmen's compensation	800		
Loss of embezzlement	1,000		
Provident fund contribution	2,000		
Net profit	89,200		
	1,78,500		1,78,500

- Q.5 Discuss the legal provisions regarding the charge and collection of Zakat and Ushr mentioned under Zakat and Ushr Ordinance, 1980. (20)