

**FIN623- Taxation Management**  
**FINAL TERM PAPER**  
**ALL IN ONE**  
**SOLVE BY MUHAMMAD JUNAID ANWER**  
**BEST QUIZS ABOVE 350**

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

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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

$(150000/10)=15000$

$80000*12=960000+15000=975000$

**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.  
PAGE 63

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

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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

**(11A) "charitable purpose" includes relief of the poor, education, medical relief and the advancement of any other object of general public utility; PAGE 8**

**Question No: 3 (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)

**Exclusive as well as Inclusive Definition:**

Such definitions contain both elements as enumerated above.

**Examples of above type of definitions are given below:**

**Sec 2(7) banking company** means a banking company as defined in the banking companies ordinance, 1962 and includes any body corporate which transacts the business of banking in Pakistan. PAGE 9

**Question No: 4 (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

**Special Tax Year:**

In case a person has a different accounting period from normal tax year or adopted such a period after seeking approval from commissioner under section 74(3) it is called special tax year.

**Classes of taxpayer regarding Special Tax Year:**

Classes of Tax payers	Special Accounting Year
Companies manufacturing Jute goods	1 <sup>st</sup> July to 30 <sup>th</sup> June
Companies manufacturing Sugar	1 <sup>st</sup> October to 30 <sup>th</sup> September
All persons exporting rice and carrying insurance business	1 <sup>st</sup> January to 31 <sup>st</sup> December
All persons carrying on business of cotton ginning, rice husking and oil milling	1 <sup>st</sup> September to 31 <sup>st</sup> August
All people carrying on business of manufacturing and dealing in shawls	1 <sup>st</sup> April to 31 <sup>st</sup> March
All Insurance Companies	1 <sup>st</sup> January to 31 <sup>st</sup> December

**PAGE 11**

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

---

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

- ▶ Monetary policy
- ▶ **Fiscal policy**
- ▶ Trade Policy
- ▶ Economic Policy

**Taxes are important instrument of Fiscal Policy. PAGE 1**

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

---

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

- ▶ **Burden**
- ▶ Strain
- ▶ Load
- ▶ Relieve

**PAGE 1**

**Question No: 7 (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

**Question No: 8 (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

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

Compensation received from an insurance company for danger caused by hailstorm or another natural calamity to crops or agricultural produce. PAGE 20  
So agricultural income always exempt for tax.

**Question No: 9 (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

### **Reduction in Tax Rates under Second Schedule Part 2**

• 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

• Presumptive tax for business of shipping of resident persons. PAGE 25

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

---

Salary income received by resident person from Federal Government of Pakis 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

**Question No: 11 (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

**Question No: 12 (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

**No deductions are allowed under the head "Income from Salary" PAGE 36**

**Question No: 13 (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:

Or

Utilities were exempted up to which of the following tax year:

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

Utilities were exempt 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 Act, 2006. Hence no exemption is available for tax year 2009. PAGE 46

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

---

MTS stands for which of the following?

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

**Concept of MTS (Minimum of Time Scale): PAGE 44**

**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**

---

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

**Foreign Source Salary of Resident Individuals Sec. 102**

**Question No: 17 (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**

- ▶ **720,000**
- ▶ 1,060,000
- ▶ 1,720,000

$60000 \times 12 = 720000$

Gratuity pertaining to government employees/ their families:

- Any gratuity received on retirement/ death by employee of the government, a local authority or a statutory body or corporation or family is wholly exempt from tax under clause 13(i), part I of second schedule.

**Question No: 18 (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
- ▶ Exempt up to 10% of MTS

Free hospitalization services provided under the terms of employment are exempt.

PAGE 48

**Question No: 19 (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**

Approved Gratuity Fund

- Commissioner of Income Tax may accord approval to any gratuity fund. PAGE 55

**Question No: 20 (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

**2(15) "debt"** means any amount owing, including accounts payable and the amounts owing under promissory notes, bills of exchange, debentures, securities, bonds or other financial instruments; PAGE 8

**Question No: 21 (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

Any fine or penalty paid or payable by the person for the violation of any law, rule or regulation. PAGE 67

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

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**Question No: 23 (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%

Rate of amortization of pre-commencement expenditure shall be 20%. PAGE 69

**Question No: 24 (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

A person shall be allowed an amortization deduction in a tax year for the cost of intangibles; PAGE 68

**Question No: 25 (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

**50,000,000\*.5/100=250,000**

**Question No: 26 (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**

**PAGE 68**

**Question No: 27 (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**

**Any property with respect to which the person is entitled to a depreciation deduction under section 22 or amortization deduction under section 24; PAGE 79**

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

---

Officer of Income Tax may grant approval to any gratuity fund.

True

**False**

**• Commissioner of Income Tax may accord approval to any gratuity fund. PAGE 55**

**Question No: 29 (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**

**INCOME FROM OTHER SOURCES (SECTION 39)**

**Incomes not covered by any given heads of income are covered under this head.**

**Some types covered under the head 'Income from other Sources'**



- ☐ Income from Dividends
- ☐ Income from Royalty
- ☐ Profit on debt
- ☐ Profit, yield, interest, premium etc. received as well as accrued.
- ☐ However, Rental income (Leasing) received by a bank shall be 'Income from Business' not "Income from other sources".
- ☐ Any amount received by bank from Mutual Funds shall be taxed under the head 'Income from Business' not under 'Income from other sources'.
- ☐ Profit derived from National Saving Scheme is covered under the head 'Income from other sources'. PAGE 83

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**Question No: 30 (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
- ▶ **30 days**

**Appeal to collector of Sales Tax (Appeals) Sec 45 b**

Appeal may be filed by any person other than officer of sales tax within 30 days of the date of receipt of such decision or order against which appeals is proffered. PAGE 120

**Question No: 31 (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

**Appointment of the Appellate Tribunal (Sec. 130)**

• Appellant tribunal shall consist of a chair person, judicial members and accountant members as are appointed by the Federal Government. PAGE 108

**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

**(15) "Local Sales Tax Office"** means the office of Superintendent of Sales Tax, or such other office as the Board may, by notification in the official Gazette, specify; PAGE 113

**Question No: 33 (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

**(20) "output tax"** in relation to any registered person means the tax charged under this 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)** on such excisable goods or services as are notified by the Federal Government under the third proviso to sub-section (1) thereof and on which such duties are charged, levied and paid as if it were a tax payable under section 3 of this Act; PAGE 115

**Question No: 34 (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

**Capital Value Tax** was levied with effect from 1st July, 1989 on the capital value of assets. PAGE 121

**Question No: 35 (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**

Since remittance is not income, hence it is not included. PAGE 33

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

---

Which one of the following sections deals with prizes and winnings?

- Section 110
- Section 140
- Section 156**
- Section 115

The rate of tax to be deducted under section 156 on winnings from a raffle, lottery, prize on winning a quiz, prize offered by companies for promotion of sale, or cross-word puzzle shall be 20% of the gross amount paid. PAGE 128

**Question No: 37 (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. 200,000
- More than Rs. 200,000
- More than Rs. 260,000**

**Rates of tax for salaried Individuals for tax year 2010**

where income of a woman taxpayer is covered by this clause, no tax shall be charged if the taxable income does not exceed Rs. 260,000:

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

---

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

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

Where the taxable income exceeds Rs. 250,000 but does not exceed Rs. 350,000, 0.75% tax rate. PAGE 45

**Question No: 39 (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

$470000 \times 5/100 = 23500$

The rate of tax to be paid under section 15 shall be 5% of the gross amount of rent chargeable to tax under that section. PAGE 128

**Question No: 40 (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

**EXEMPT 144000 DUE TO REASONS BLEOW**

• Any special allowance or benefit (not being entertainment allowance or conveyance allowance) or other perquisites as contained in section 12 specially granted to meet expenses wholly or necessarily incurred in the performance of the duties of an office or employment of profit- exempt under clause 39 of part 1 of second schedule. PG44

**Leave Salary:**

This is taxable whenever received or right to receive is exercised by the employee. 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. PAGE 39

**Question No: 41 (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 appetence

• Statutory Provident Fund, governed by the Provident Funds Act, 1925 (GP Fund) PAGE 60

**Question No: 42 (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

Any salary paid or payable exceeding [ten] thousand rupees per month other than by a crossed cheque or direct transfer of funds to the employee's bank account; and n. Except as provided in Division III of this Part, any expenditure paid or payable of a capital nature. PAGE 67

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

Which of the following is the rate of tax for AOP for the income exceeds Rs. 100,000 but does not exceed Rs. 180000

- ▶ **0%**
- ▶ 0.25%
- ▶ 0.50%
- ▶ 0.75%

S. No	Taxable Income	Rate of tax
1	Where the taxable income does not exceed Rs. 180,000,	0%
2	Where the taxable income exceeds Rs. 180,000 but does not exceed Rs. 250,000,	0.50%

**PAGE 125**

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

What is the tax rate of Banking companies for the

- ▶ **35%**
- ▶ 44%
- ▶ 54%
- ▶ 42%

**Rates of Tax for Companies**

(i) The rate of tax imposed on the taxable income of a company for the tax year 2007 and onward shall be **35%**. PAGE 126

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

Amount of Capital value tax for the year 2009 for a motor should be which of the following?

- ▶ Rs. 3,500
- ▶ **Rs. 7,500**

- ▶ Rs. 8,500
- ▶ Nil

**PAGE 122**

**Question No: 46 (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

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

---

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

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

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

---

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

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

**Question No: 49 (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

**Question No: 50 (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

**Question No: 51 (Marks: 1) - Please choose one**

---

Certain incomes those are excluded from tax are called as:

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

**Question No: 52 (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

**Question No: 53 (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: 54 (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

**Question No: 55 (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%

**Question No: 56 (Marks: 1) - Please choose one**

Flying allowance shall be taxed @:

- 1.5% of amount received as a separate block of income
- 2% of amount received as a separate block of income
- 2.5% of amount received as a separate block of income**
- 3.5% of amount received as a separate block of income

**Flying allowance**

Flying allowance shall be taxed @ 2.5% of amount received as a separate block of income under sub clause PAGE 51

**Question No: 57 (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

**Question No: 58 (Marks: 1) - Please choose one**

Which of the following is the tax where the tax rate remained fixed to the amount on which the rate is applied increases?

**Proportional tax**

- Progressive tax
- Regressive tax
- Corporate tax

☐ **Proportional Taxes**

These taxes are levied with the same percentage. For example, sales tax is levied at the rate of 15%. PAGE 3



**Question No: 59 (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

**TM Progressive Taxes**

This is based on the “capacity to pay” principle of taxation. In this type, the rate of tax increase as the income increase. PAGE 3

**Question No: 60 (Marks: 1) - Please choose one**

**Depreciation (Sec.22) Third Schedule Part 1**

Depreciation rates specified for the purposes of section 22 shall be:

1. Building (all types)	10%
2. Furniture (including fittings) and machinery and plant (not otherwise specified), Motor Vehicles (all types), ships, technical or professional Books.	15%
3. Computer hardware including printer, monitor and allied items [machinery and equipment used in manufacture of I.T. products], aircrafts and aero engines.	30%
4. In case of mineral oil concerns the income of which is liable to be computed in accordance with the rules of Part 1 of the fifth Schedule. a) Below ground installations b) Offshore platform and production installations.	100% 20%

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**FINAL TERM PAPER**

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**BEST QUIZS ABOVE 350**

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**Question No: 61 (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

### **THE THIRD SCHEDULE**

**Part I. Depreciation**

**Part II. Initial Allowance**

**Part II. Pre-Commencement Expenditure**

**PAGE 130**

**Question No: 62 (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

**Question No: 63 (Marks: 1) - Please choose one**

---

Profit on debt 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**

**Question No: 64 (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**

### **Person Not Required to File Tax Return**

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

☐ 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

**PAGE 98**

**Question No: 65 (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**

**Classes of taxpayer regarding Special Tax Year:**

Classes of Tax payers	Special Accounting Year
Companies manufacturing Jute goods	1 <sup>st</sup> July to 30 <sup>th</sup> June
Companies manufacturing Sugar	1 <sup>st</sup> October to 30 <sup>th</sup> September
All persons exporting rice and carrying insurance business	1 <sup>st</sup> January to 31 <sup>st</sup> December
All persons carrying on business of cotton ginning, rice husking and oil milling	1 <sup>st</sup> September to 31 <sup>st</sup> August
All people carrying on business of manufacturing and dealing in shawls	1 <sup>st</sup> April to 31 <sup>st</sup> March
All Insurance Companies	1 <sup>st</sup> January to 31 <sup>st</sup> December

**PAGE 11**

**Question No: 66 (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

**PAGE 53**

**Question No: 67 (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

► Provincial Government

The Federal Tax Ombudsman has the same powers as the Supreme Court has to punish any person for its contempt. PAGE 111

**Question No: 68 (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

(20) "output tax" in relation to any registered person means the tax charged under this 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) on such excisable goods or services as are notified by the Federal Government under the third proviso to sub-section (1) thereof and on which such duties are charged, levied and paid as if it were a tax payable under section 3 of this Act;

PAGE 115

**Question No: 69 (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

(41) "taxable supply" means a supply of taxable goods made by an importer, manufacturer, wholesaler (including dealer), distributor or retailer other than a supply of goods which is exempt under section 13 and includes a supply of goods chargeable to tax at the rate of zero per cent under section 4;

PAGE 116

**Question No: 70 (Marks: 1) - Please choose one**

---

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

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

For Companies -Accrual basis mandatory.  
For Others --- optional, cash or Accrual Basis  
PAGE 70

**Question No: 71 (Marks: 1) - Please choose one**

---

It is mandatory for each Company to maintain its books of accounts on which of the following methods?

Cash basis

**Accrual basis**

Both cash and accrual basis

Free to choose any kind of base

For Companies -Accrual basis mandatory.  
For Others --- optional, cash or Accrual Basis  
PAGE 70

**Question No: 72 (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

**Requirement of registration:**

A retailer whose value of supplies in any period during the last twelve months ending any tax period exceeds twenty million rupees;

PAGE 118

**Question No: 73 (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

**Resident Individual (Section 82)**

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

PAGE 26

**Question No: 74 (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

**Question No: 75 (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**

#### **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

**Pg27**

#### **Taxation of Non-Residents**

The profit of the permanent establishment shall be computed on the basis that it is a distinct and separate person engaged in the same or similar activities under the same or similar conditions and dealing wholly independently with the non-resident person of which it is a permanent establishment.

**PAGE 31**

**Question No: 76 (Marks: 1) - Please choose one**

---

Liquidator is referred as:

- A liquidator of a company
- A trustee for a bankrupt
- A mortgagee in possession

**All of the given options**

#### **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

**PAGE 104**

**Question No: 77 (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

**Rates of tax for salaried Individuals for tax year 2010**

Where the taxable income does not exceed Rs. 200,000 rate of tax is zero

**Question No: 78 (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**

**Question No: 79 (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

- ▶ Rs. 1,987.5
- ▶ Rs. 2,535
- ▶ Rs. 107,500
- ▶ Rs. 134,200

200,000

10,000\*12=120000

900,00012%=108000

428000

any medical allowance received by an employee not exceeding ten per cent of the basic salary of the employee if free medical treatment or hospitalization or reimbursement of medical or hospitalization charges is not provided for in the terms of employment;

a. Free hospitalization services provided under the terms of employment are exempt.

b. If (a) not available then 10% of basic salary is exempt in case medical allowance provided.

**Question No: 80 (Marks: 1) - Please choose one**

---

In case, general provident is approved by Govt. or a local authority or a statutory body under clause 13 (i) 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

In the case of any other employee, the amount not exceeding two hundred thousand rupees receivable under any scheme applicable to all employees of the employer and approved by the Central Board of revenue for the purposes of this sub-clause; and  
**PAGE 63**

**Question No: 81 (Marks: 1) - Please choose one**

---

Mr. Afsar received a basic salary of Rs. 900,000 during the year ended 30.06.2009. He 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**

$900000 + 15000$   
 $915000 * 9\% = 82,350$

**Question No: 82 (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

$460,400 + 12000(100,000 * 12\%)$   
 $472400 * 3.5\% = 16,534$   
**Tax rate apply 2010**

**Question No: 83 (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

$$80,000 \times 12 = 9,60,000$$

$$\text{Add } 1,50,000 \times 1/10 = 15,000$$

**975000**

Say non-adjustable advance rent received Rs. 120,000.

Amount adjustable shall be  $120,000/10 = \text{Rs. } 12,000$  Rs. 12,000 shall be adjustable for ten years. **PAGE 63**

**Question No: 84 (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

- ▶ Rs. 3,250
- ▶ Rs. 325
- ▶ Rs. 92,400
- ▶ Rs. 215,000

$$1,50,000 \times 12 = 18,00,000$$

$$\text{Add } 65,000 \times 1/10 = \frac{6500}{18,06,500}$$

**Question No: 85 (Marks: 1) - Please choose one**

---

Mr. Liaqat during the year ended 30th 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

**Question No: 86 (Marks: 1) - Please choose one**

---

Mr. Mohsin during the year ended 30th 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

**Question No: 87 (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

**Question No: 88 (Marks: 1) - Please choose one**

---

Mrs. Mazhar during the year ended 30th 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
- ▶ **Rs. 960,000**

**Question No: 89 (Marks: 1) - Please choose one**

---

M/s Junior during the year ended 30th 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

- ▶ Rs. 785,000
- ▶ Rs. 51,415
- ▶ Rs. 730,000
- ▶ Rs. 725,000

**Question No: 90 (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

Gain on sale of residential house is totally exempt for tax

[http://www.oregon.gov/DOR/PERTAX/2009\\_piti/credits\\_res\\_home\\_taxed\\_gain.shtml](http://www.oregon.gov/DOR/PERTAX/2009_piti/credits_res_home_taxed_gain.shtml)

**FIN623- Taxation Management**  
**FINAL TERM PAPER**  
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If you locate any mistake tell me with athletic reference or find any new quiz of final paper please mail my address

[Mjunaidanwer@gmail.com](mailto:Mjunaidanwer@gmail.com)

**Question No: 91 (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**
- ▶ Rs. 192,000

**Question No: 92 (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**

**Question No: 93 (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

Reimbursement of expenditure by the employer is Taxable. PAGE 39

**Question No: 94 (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

Leave Salary:

This is taxable whenever received or right to receive is exercised by the employee. 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. PAGE 39

**Question No: 95 (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

No tax consequences

**Partially taxable**

Not discussed in Income Tax Ordinance 2001

**Question No: 96 (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

**Condition for Approval**

Fund established under an irrevocable trust and purposes of gratuity fulfilled. PAGE 55

**Question No: 97 (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

(words "of the notification of the Voluntary Pension System Rules, 2005" substituted by Finance Bill 2006). PAGE 87

**Question No: 98 (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: 99 (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**

Non adjustable advance is spread over ten years. PAGE 64

**Question No: 100 (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

**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.

**PAGE 66**

**Question No: 101 (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**

**Income from Property not taxable under section 15:**

- Ground rent
- Rental income from building kept on lease together with plant and machinery.
- Rental Income derived by subletting a building or land by a tenant.
- Mining right and royalty.
- Provision of amenities, utilities or any other service connected with renting of building.

**PAGE 63**

**Question No: 102 (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**

**Business Defined Section 2(9) "Business includes any trade, commerce, manufacture, profession, vocation but doesn't include employment" PAGE 66**

**Question No: 103 (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: 104 (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

**Deductions not Allowed - Sec. 21 PAGE 67**

**Question No: 105 (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

**Transfer to Participatory Reserve (Sec 31)**

**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. PAGE 69**

**Question No: 106 (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

**Transfer to Participatory Reserve (Sec 31)**

**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. PAGE 69**

**Question No: 107 (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%

**Resident Company is subjected to minimum tax @ 0.50% of its turnover for a tax year, even in cases where the company sustains loss. PAGE 73**

**Question No: 108 (Marks: 1) - Please choose one**

---

Which one 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**

**Question No: 109 (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

**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; PAGE 81**

**Question No: 110 (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
- Salaried individual having salary certificate in lieu**



### Person Not Required to File Tax Return

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

\*Salary certificate from employer sufficient in lieu of return. PAGE 98

**Question No: 111 (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

### Provision of Revised Tax Return:

A person may furnish Revised Return within five years of the date when the original return was furnished. PAGE 99

**Question No: 112 (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**

Provided further that where the total income of a taxpayer marginally exceeds the maximum limit of a slab in the table, the income tax payable shall be the tax payable on the maximum of that slab plus an amount equal to –

(i) 20% of the amount by which the total income exceeds the said limit where the total income does not exceed Rs. 500,000. PAGE 125

**Question No: 113 (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**

### 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

PAGE 104

**Question No: 114 (Marks: 1) - Please choose one**

---

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

Calculation: Income from poultry form = 645,000

**Add Capital gain**

Profit on shares( $136000 \times 3/4$ ) = 102000

Less: Capital losses = 15000

87000

= 732,000

Since shares held by the person for more than one year therefore under the provision of law 3/4th of the gain would be taxable. Hence: PAGE 82

**Question No: 115 (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

Capital Value Tax was levied with effect from 1st July, 1989 on the capital value of assets. PAGE 121

**Question No: 116 (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

2 (22) "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.

PAGE 8

**Question No: 117 (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: 118 (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**

**Question No: 119 (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**

**Rules Governing Resident Individual**

- Part of day shall be counted as a whole day, for example day of arrival or day of departure

Following days shall be counted as whole day:

- A Public Holiday
- A day of leave including sick leave
- A day that individual's activity is stopped because of strike etc
- A holiday spent in Pakistan PAGE 27

**Question No: 120 (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

**Tax year 2010:**

Provided that where income of a woman taxpayer is covered by this clause, no tax shall be charged if the taxable income does not exceed Rs. 260,000:

**FIN623- Taxation Management**

**FINAL TERM PAPER**

**ALL IN ONE**

**SOLVE BY MUHAMMAD JUNAID ANWER**

**BEST QUIZS ABOVE 350**

Mistake and errors can be possible so I am not responsible for any Mistake please reconfirm.

If you locate any mistake tell me with authentic reference or find any new quiz of final paper please mail my address

[Mjunaidanwer@gmail.com](mailto:Mjunaidanwer@gmail.com)

**Question No: 121 (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

Where the taxable income exceeds Rs. 550,000 but does not exceed Rs. 650,000, the tax rate is 4.50%

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

**Question No: 122 (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

**Utilities were exempt 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 Act, 2006. Hence no exemption is available for tax year 2009.

**Question No: 123 (Marks: 1) - Please choose one**

---

Gratuity will be ignored while computing taxable income and tax liability of a deceased person.

**True**

False

**Gratuity: Points to Remember:**

- Gratuity will be ignored while computing taxable income and tax liability of a deceased person.

- In case the gratuity is received by legal heirs, where employee dies before retirement the gratuity would be taxable in the hands of legal heirs of the deceased. PAGE 58

**Question No: 124 (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

$280,000 + 21600 * .75 / 100 = 2262$

**Gratuity: Points to Remember:**

- Gratuity will be ignored while computing taxable income and tax liability of a deceased person.

- In case the gratuity is received by legal heirs, where employee dies before retirement the gratuity would be taxable in the hands of legal heirs of the deceased. PAGE 58

**Question No: 125 (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

**Certainty**

This canon suggests that the amount of payment should be certain and there should not be any arbitrariness or ambiguity with respect to the amount of tax to be paid by the tax payer. PAGE 2

**Question No: 126 (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

**Question No: 127 (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)

**Inclusive Definition:**

**Examples of inclusive definitions are given below:**

**2(22) “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; PAGE 8**

**Question No: 128 (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

**For Companies ‘Accrual Basis’ method of accounting is compulsory [Section 32(2)]**  
**PAGE 28**

**Question No: 129 (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

**Question No: 130 (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

Any income received by a spouse as support payment under an agreement to live apart shall be exempt from tax under this Ordinance. PAGE 23

**Question No: 131 (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)

**Clauses (8), (9), (12), (16), (17) Part I of Second Schedule. PAGE 52**

**Question No: 132 (Marks: 1) - Please choose one**

---

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

- Resident Individual & Association of Persons
- Resident Company
- Federal Government
- **All of the given options**

**Resident Person (Section 81)**

a. Resident Individual, Resident Company, or Resident Association of Persons for the year or

b. The Federal Government. PAGE 26

**Question No: 133 (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

### **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 foreign-source income. PAGE 28

**Question No: 134 (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

**2(41)** “permanent establishment” in relation to a person, means a fixed place of business through which the business of the person is wholly or partly carried on, and includes: PAGE 9

**Question No: 135 (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

#### **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. PAGE 1

**Question No: 135 (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)



**Business Defined Section 2(9)**

“Business includes any trade, commerce, manufacture, profession, vocation but doesn’t include employment” PAGE 66

**Question No: 137 (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**

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

Under **Cash-Basis Accounting**, a person shall derive income when it is received and shall incur expenditure when it is paid. PAGE 70

**Question No: 138 (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**

**Business Defined Section 2(9)**

“Business includes any trade, commerce, manufacture, profession, vocation but doesn’t include employment” PAGE 66

**Question No: 139 (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

Provided that where income of a woman taxpayer is covered by this clause, no tax shall be charged if the taxable income does not exceed Rs. 240,000; PAGE 125

**Question No: 140 (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**

#### **Person Not Required to File Tax Return**

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

- ☐ 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

PAGE 98

**Question No: 141 (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: 142 (Marks: 1) - Please choose one**

---

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**

#### **Revision by the Regional Commissioner Sec 122 B**

Revision can be made by RCIT at his own or on an application made by the tax payer relating to issuance of an exemption or lower rate certificate with regard to collection or deduction of tax at source. PAGE 101

**Question No: 143 (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

Appeal shall be filed:

- i In prescribed form
- ii Verification
- iii Grounds of appeal
- iv Prescribed fee
- v Within 30 days of the date of service of the order against which appeal is filed.

PAGE 108

**Question No: 144 (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%

PAGE 125

**Question No: 145 (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

Capital Value Tax shall be payable on purchase of motor vehicles, not previously used in Pakistan, at the following rates:

Motor vehicle of an engine capacity Amount of Tax

Up to 850cc =Rs. 7,500

851cc to 1000cc =Rs. 10,500

1001cc to 1300cc= Rs. 16,875

PAGE 122

**Question No: 146 (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**

**Assessment Order by Commissioner**

Shall state the following details:

\* Taxable Income

\* Tax Due

\* Amount of Tax Paid

\* Tax Payable

\* Time, place & manner of appealing the assessment order. PAGE 100

**Question No: 147 (Marks: 1) - Please choose one**

---

A return of income as required to be furnished under section 114 shall be in the form specified in:

Part I of second schedule

Part II of second schedule

Part III of second schedule

**All of the given options**

**Question No: 148 (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

(page 26)Ref:

$155+26+1+1=183$

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: 149 (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

Rationale: His total stay in Pakistan is less than 183 days , so he is non resident individual as per income tax ordinance section 81.

**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: 150 (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%**
- ▶ 0.75%

**Tax year 2010**

**Rates of Tax for Individuals and AOP 1<sup>st</sup> schedule**

<b>2)</b>	Where the taxable income exceeds Rs. 100,000 but does not exceed Rs. 110,000	<b>0.5%</b>
-----------	--	-------------

**FIN623- Taxation Management**  
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**Question No: 151 (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%**

**Tax year 2010**

#### Rates of Tax for Individuals and AOP 1<sup>st</sup> schedule

4)	Where the taxable income exceeds Rs. 125,000 but does not exceed Rs. 150,000	2.00%
----	--	-------

**Question No: 152 (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%**

#### Rate of Dividend tax under Section 5:

- a) Dividend received from another company. 10% of gross amount of dividend.
- b) Dividend received from power project company privatized by WAPDA. 7.5% of gross amount of dividend.
- c) Dividend received from power generation company. 7.5% of gross amount of dividend. **PAGE 71**

**Question No: 153 (Marks: 1) - Please choose one**

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

- ▶ Indirect tax
- ▶ Broad based
- ▶ Elastic/ Flexible
- ▶ **None of the given options**

#### Features of Sales Tax

- Indirect tax
- Broad based
- Elastic/ Flexible
- Easy to collect
- Potential for revenue generation

**PAGE 112**

**Question No: 154 (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

$$240000+6000+12000+9600=267600$$

**Sub Sec. (5)** Where, in a tax year, the services of a housekeeper, driver, gardener or other domestic assistant provided by an employer to an employee, the amount chargeable to tax to the employee under the head “salary” for that year shall include the total salary paid to [such housekeeper, driver, gardener or other domestic assistant] in that year for services rendered to the employee, as reduced by any payment made by the employee [to the employer] for such services. PAGE 37

**Question No: 155 (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?

- ▶ Rs. 120,000
- ▶ Rs. 186,000
- ▶ **Rs. 216,000**
- ▶ Rs. 244,500

$$120000+48000+48000=216000$$

**Sub Sec. (5)** Where, in a tax year, the services of a housekeeper, driver, gardener or other domestic assistant provided by an employer to an employee, the amount chargeable to tax to the employee under the head “salary” for that year shall include the total salary paid to [such housekeeper, driver, gardener or other domestic assistant] in that year for services rendered to the employee, as reduced by any payment made by the employee [to the employer] for such services. PAGE 37

**Question No: 156 (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

$$445000+24000-8000=461000$$

**Deductible Allowance:**

The person shall be entitled to a deductible allowance for any **Zakat** paid by the person in a tax year according to provisions of sec.60, for the amount of any **Workers’ Welfare Fund** paid by the person in a tax year under Sec 60-A, for the amount of any **Workers’ Participation Fund** paid by the person in a tax year under section 60-B. pg40

**Question No: 157 (Marks: 1) - Please choose one**

---

Which of the following is the deductible allowance from the income of an individual?

- Zakat
- Worker's Welfare Fund
- Work's Participation Fund

**All of the given options**

**Deductible Allowance:**

The person shall be entitled to a deductible allowance for any **Zakat** paid by the person in a tax year according to provisions of sec.60, for the amount of any **Workers' Welfare Fund** paid by the person in a tax year under Sec 60-A, for the amount of any **Workers' Participation Fund** paid by the person in a tax year under section 60-B. PAGE 40

**Question No: 158 (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 IX
- ▶ **Chapter III Part X**

**Question No: 159 (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%**
- ▶ 12.50%

**Page No.45.**

**Question No: 160 (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%**

**Page No.45.**

**Question No: 161 (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**

$200,000 + 1,20,000(10,000 \times 12) + 900,000 = 1220000$

So tax is charged 11%(page 125)

$1220000 \times 11\% = 134200$

Clause 139(a) & (b) of part 1 of second schedule:

- a. Free hospitalization services provided under the terms of employment are exempt.
- b. If (a) not available then 10% of basic salary is exempt in case medical allowance provided.

**Question No: 162 (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

Basic salary = 350,000

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

**Question No: 163 (Marks: 1) - Please choose one**

---

Pension is treated as:

- Totally taxable
- Partially taxable
- Totally exempt**
- Partially exempt

**Pension Totally Exempt PAGE 58**

**Question No: 164 (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

Recognized Provident Fund [Partially taxable within limits]. This is defined in section 2(48) as a provident fund which has been recognized by the Commissioner of Income Tax in accordance with the rules contained in **Part I of the Sixth Schedule**. Employer's contribution up to **10 per cent of salary is exempt**. Employer's contribution exceeding 10% of 'salary' is taxable under rule 3, Part 1 of Sixth Schedule. PAGE 60

**Question No: 165 (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

Statutory Provident Fund, governed by the Provident Funds Act, 1925 (GP Fund). PAGE 60

**Question No: 166 (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)

Business Defined Section 2(9)

"Business includes any trade, commerce, manufacture, profession, vocation but doesn't include employment" PAGE 66

**Question No: 167 (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
- ▶ **Rs. 1,87,500**
- ▶ Rs. 92,400
- ▶ Rs. 1,200

15,000\*12=180,000

Add  $75000 \times 1/10 = 7500$

1,87,500

Non adjustable advance is spread over ten years. PAGE 64

**Question No: 168 (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

$300000 + 2000 - 500 = 301500$

**Question No: 169 (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. What will be the tax payable of the company?

► Rs. 100,000

► Rs. 150,000

► Rs. 300,000

► **Rs. 484,750**

$11,35,000 + 2,50,000 \times 35/100 = 4,84,750$

(i) The rate of tax imposed on the taxable income of a company for the tax year 2007 and onward shall be **35%**. PAGE 126

**Question No: 170 (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

Where the taxable income exceeds Rs. 650,000 but does not exceed Rs. 750,000, 6.00% rate will be applied. ( $600000 \times 4.5\% = 27,000$ ).

**Question No: 171 (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

**Question No: 172 (Marks: 1) - Please choose one**

---

A definition that includes the dictionary meanings of the word is termed as:

- Exclusive definition
- Inclusive definition
- Both Inclusive & Exclusive definitions

**Statutory definition**

**Dictionary meanings can also be referred in the absence of statutory definition. PAGE 8**

**Question No: 173 (Marks: 1) - Please choose one**

---

A definition that **excludes** the dictionary meanings of the word is termed as:

**Exclusive definition**

- Inclusive definition
- Both Inclusive & Exclusive definitions
- Statutory definition

**Exclusive or Exhaustive Definition:**

• It excludes ordinary dictionary meanings of the word. Exclusive definitions start with the expression. PAGE 8

**Question No: 174 (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**

**Question No: 175 (Marks: 1) - Please choose one**

---

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

In case, Concessional loan as above used for construction of house or purchase of house.

PAGE 39

**Question No: 176 (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

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.

PAGE 20

**Question No: 177 (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

**Question No: 178 (Marks: 1) - Please choose one**

---

Special tax year is adopted after seeking approval from the \_\_\_\_\_ under section 74(3).

**Commissioner**

Tax Officer

Appellate Tribunal

Supreme Court

**Special Tax Year:**

In case a person has a different accounting period from normal tax year or adopted such a period after seeking approval from commissioner under section 74(3) it is called special tax year. PAGE 11

**Question No: 179 (Marks: 1) - Please choose one**

---

Which of the following is NOT the type of tax?

Direct taxes  
Indirect Taxes  
Value Added Taxes  
**Fees and Penalties**

### **Type of Taxes:**

Different types of taxes are explained below:

#### ☐ ***Direct taxes***

Direct taxes are the taxes where incidence of taxation is on the person on whom levied.

For

example income tax

#### ☐ ***Indirect Taxes***

Indirect taxes are the taxes where incidence of tax can be shifted by the person on whom levied to

other persons. For example sale tax

#### ☐ **Proportional Taxes**

These taxes are levied with the same percentage. For example, sales tax is levied at the rate of 15%.

#### ☐ ***Progressive Taxes***

This is based on the “capacity to pay” principle of taxation. In this type, the rate of tax increase as

the income increase.

#### ☐ ***Regressive taxes***

A Regressive tax is the opposite of a Progressive Tax. It is based on the benefits received principle.

A type of tax that takes a larger percentage from the income of low-income people than the income

of high-income people is called regressive tax.

#### ☐ ***Value Added Taxes.***

This type of tax is levied at each stage of value addition. For example sales tax

PAGE 3

**Question No: 180 (Marks: 1) - Please choose one**

---

If a cultivator used its agricultural produce as raw material in its business what will be the tax treatment of such agriculture produce?

**Market price of such produce will be deducted as business expenditure**

The expenses of cultivation will be deducted as expense from business

The land revenue rent paid will be deducted as expense from business

All of the given options

### **Agricultural Produce is used as raw material [rule 11]**

Where a person who is a cultivator or receiver of agricultural produce as rent-in-kind and who uses agricultural produce raised or received as raw material in a business the market value of the said produce shall be deducted as business expenditure. PAGE 21

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**Question No: 181 (Marks: 1) - Please choose one**

---

Non-Agricultural income does Not includes which one of the following?

**Dividend paid by a company out of its agriculture income**

Royalty income of mines  
Profit on sale of standing crops  
Income from fisheries

**“Agricultural Income”**

Share of profit of a partner from a firm engaged in agricultural operation (similarly salary received by him. PAGE 20

**Question No: 182 (Marks: 1) - Please choose one**

---

Non-Agricultural income includes which one of the following?

Income from sale of wild grass  
Income from fisheries  
Royalty income of mines

**All of the given options**

**“Non-Agricultural Income”**

Income from fisheries  
Royalty income of mines  
Income from sale of wild grass and weeds of spontaneous growth. PAGE 19

**Question No: 183 (Marks: 1) - Please choose one**

---

Which of the following is included in the Scheme of the Income Tax Ordinance 2001?

Chapters  
Sections  
Schedules

**All of the given options**

**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
- ☐ This ordinance comprises of seven Schedules
- ☐ Schedules are integral part of the Ordinance. PAGE 5

**Question No: 184 (Marks: 1) - Please choose one**

---

Sec. 02 of Income Tax Ordinance 2001 defined: “Appellate Tribunal means the Appellate Tribunal established under section 130” In which criteria the above definition falls?

**Exclusive definition**

Inclusive definition

Both Exclusive and Inclusive definitions

Statutory definition

**Examples of exclusive definitions are given below:**

**Sec. 2(2) Appellate Tribunal** means the Appellate Tribunal established under section 130. PAGE 8

**Question No: 185 (Marks: 1) - Please choose one**

---

Which of the following income is chargeable to tax?

Gross income from business

**Income computed in line with provisions of Ordinance**

Only basic salary of salaried person

Basic salary excluding allowances of a salaried person

**“income” includes any amount chargeable to tax under this Ordinance . PAGE 16**

**Question No: 186 (Marks: 1) - Please choose one**

---

In the normal circumstances on which of the following tax is charged?

Gross Receipt

Total Income

**Taxable Income**

Gross Income

Under normal tax regime, income tax is chargeable on taxable income but under some exceptional circumstances, the income tax shall be charged on gross receipts. This is also



called as presumptive tax regime. Under following situations the tax will be charged on gross receipts basis. PAGE 96

**Question No: 187 (Marks: 1) - Please choose one**

---

Which of the following tax is paid in relation to how much you earn?

**Income Tax**

Inheritance Tax

Value added Tax

Sales Tax

<http://www.nonstopenglish.com/exercise.asp?ExID=726>

Income Tax is a tax on a person in respect of his income during a tax year. PAGE 16

**Question No: 188 (Marks: 1) - Please choose one**

---

Which of the following is the legal status of Al-Habib Bank Limited under section 80 of the ordinance?

Individual

Firm

**Banking Company**

Hindu Undivided Family

**Question No: 189 (Marks: 1) - Please choose one**

---

Which of the following is an example of Lump sum receipt?

Pension

Golden shake hand

Provident fund

**All of the given options**

Solve by **Seckerz** and love is blind

**Question No: 190 (Marks: 1) - Please choose one**

---

Gratuity fund which is fully exempt from tax is approved by:

Income tax officer

**Commissioner of income tax**

Employer

CBR

Commissioner of Income Tax may accord approval to any gratuity fund. PAGE 55

**Question No: 191 (Marks: 1) - Please choose one**

---

Which of the following is the rate of tax for salaried Individuals for tax year 2010, where the taxable income exceeds Rs. 550,000 but does not exceed Rs. 650,000?

- 1.5%
- 2.5%
- 3.5%
- 4.5%**

**PAGE 125**

**Question No: 192 (Marks: 1) - Please choose one**

---

2(59) of Income Tax Ordinance 2001 defined: “shareholder” in relation to a company, includes a modaraba certificate holder, a unit holder of a unit trust and a beneficiary of a trust. In which criteria the above definition falls? 1Exclusive definition2Inclusive definition3Both Exclusive and Inclusive definitions4Statutory definition

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

**Question No: 193 (Marks: 1) - Please choose one**

---

Income chargeable under the head “Income from Business” derived by a Provincial Government or local authority from a business carried on outside its jurisdictional area, will be:

- Wholly taxable**
- Wholly exempt
- Partially exempt
- Section is silent about it

**Income of Provincial Government or a Local Authority in Pakistan shall be exempt under all heads of income other than income from Business, derived outside its jurisdictional area, which shall be taxable. PAGE 23**

**Question No: 194 (Marks: 1) - Please choose one**

---

Gratuity is received by legal heirs, where employee dies before retirement the gratuity would be exempted in the hands of legal heirs of the deceased.

- True
- False**

**In case the gratuity is received by legal heirs, where employee dies before retirement the gratuity would be taxable in the hands of legal heirs of the deceased. PAGE 58**

**Question No: 195 (Marks: 1) - Please choose one**

---

If a business carried on by Non-resident person in Pakistan through permanent establishment what will be the tax treatment of the traveling expenditures born by the non-resident for spending his holidays in his home land?

- Wholly taxable due to PE
- Wholly taxable as no concerned with PE in Pakistan
- Not permissible as deduction from the income of non
- None of the given options**

**Question No: 196 (Marks: 1) - Please choose one**

---

What will be the tax treatment of motor vehicle provided partly for official and partly for personal use?

- 5% of cost (vehicle)**
- 10% of cost (vehicle)
- 15% of cost (vehicle)
- 25% of cost (vehicle)

**Question No: 197 (Marks: 1) - Please choose one**

---

What is the rate of tax for a small company?

- 10% of taxable income
- 20% of taxable income**
- 25% of taxable income
- 30% of taxable income

Where the taxpayer is a small company as defined in section 2, tax shall be payable at the rate of 20%. PAGE 71

**Question No: 198 (Marks: 1) - Please choose one**

---

Which of the following section deals with the residential status of Individual?

- Section 80
- Section 81
- Section 82**
- Section 83

**Resident Individual (Section 82) PAGE 26**

**Question No: 199 (Marks: 1) - Please choose one**

---

Gratuity will be ignored in computing taxable income of

Resident person

**Non-resident person**

Income tax officer

Deceased person

However, this exemption is not available in the following cases:

- If gratuity is received outside Pakistan
- Received by a director of a company who is not a regular employee of the company
- **If received by a non resident person**
- If recipient has already received any gratuity from the same or any other employer.

PAGE 57

**Question No: 200 (Marks: 1) - Please choose one**

---

Any Pakistan-source income which Pakistan is not permitted to tax under a tax treaty shall be \_\_\_\_\_.

Wholly Taxable

**Wholly Exempt**

Partly Exempt

Not mention in Ordinance

(1) Any Pakistan-source income which Pakistan is not permitted to tax under a tax treaty shall be exempt from tax under this Ordinance. PAGE 22

**Question No: 201 (Marks: 1) - Please choose one**

---

Income from building leased out together with Plant & Machinery falls under

Income from property

Income from salary

Income from capital gain

**Income from other sources**

Where a building leased out together with Plant & Machinery, it is not income from property' but 'income from other sources' Sec. 15(3). PAGE 62

**Question No: 202 (Marks: 1) - Please choose one**

---

Mr. Ali is an employee of ABC Co. He has availed an interest free loan from his Company. What will be the treatment of Interest on loan as per Income Tax Ordinance 2001?

**Salary of Ali includes the Interest on loan at benchmark rate**

Salary of Ali includes the Interest on loan at lower than benchmark rate

Salary of Ali includes the Interest on loan at higher than benchmark rate

Amount of Interest on loan is exempted from Tax

Income on account of interest- free loans (Over Bench mark rate). PAGE 83

**Question No: 203 (Marks: 1) - Please choose one**

---

Suppose a money lender give loan to a farmer of Rs. 100,000. After the due time the farmer pay back the loan in shape of agriculture produce amounting Rs. 110,000 to money lender. What will be the tax treatment of Rs. 110,000?

Tax will be charged only on Rs. 100,000

Tax will be charged only on Rs. 10,000

Tax will be charged only on Rs. 110,000

**Exempt as Agriculture Income**

**Question No: 204 (Marks: 1) - Please choose one**

---

For the year 2009 Mr. Ali has basic salary Rs. 40,000 p.m. what will be the salary of Mr. Ali for the tax year 2010?

**Rs. 480,000**

Rs. 240,000

Rs. 40,000

Rs. 640,000

**Question No: 205 (Marks: 1) - Please choose one**

---

Which of the following is tax, where the tax rate decreases as the amount to which the rate is applied increases?

Proportional tax

Progressive tax

**Regressive tax**

Corporate tax

☐ **Progressive Taxes**

This is based on the “capacity to pay” principle of taxation. In this type, the rate of tax increase as the income increase.

☐ **Regressive taxes**

A Regressive tax is the opposite of a Progressive Tax. It is based on the benefits received principle. A type of tax that takes a larger percentage from the income of low-income people than the income of high-income people is called regressive tax. PAGE 3

**Question No: 206 (Marks: 1) - Please choose one**

---

Agricultural income does NOT include which one of the following?

Rent or Revenue derived by a person from land

Income derived from land situated in Pakistan

The land is used for agricultural purposes

**Income from spontaneous forest**

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

□ Income from spontaneous forest. PAGE 19

**Question No: 207 (Marks: 1) - Please choose one**

---

\_\_\_\_\_ is the payment to the holder for the right to use property such as a patent, copyrighted material, or natural resources.

Permanent Establishment

**Royalty**

Dividend

Goodwill

a) The use of, or right to use any patent, invention, design or model, secret formula or process, trade mark or other like property or right;

b) The use of, or right to use any copy right of a literary, artistic or scientific work, including films or video tapes for use in connection with television or tapes in connection with radio broadcasting, but shall not include consideration for the sale, distribution or exhibition of cinematograph films. PAGE 30

**or <http://www.thefreedictionary.com/royalty>**

**Question No: 208 (Marks: 1) - Please choose one**

---

Taxes are important instrument of which of the following policy?

Monetary policy

**Fiscal policy**

Trade Policy

Economic Policy

**Taxes are important instrument of Fiscal Policy. PAGE 1**

**Question No: 209 (Marks: 1) - Please choose one**

---

Concessional loan of Rs 1 million provided by employer @ of markup of 6% per annum (bench mark rate for tax year 2010 is 12% per annum), what will be the amount added back?

**Rs.60,000**

Rs.40,000

Rs.90,000

Rs.130,000

Bench mark rate for tax year 2009 is 12%

Loan provided at the rate of mark-up of 6%

12-6( Concession less remaining is taxable)

Amount added back  $1,000,000 \times 6\% = \text{Rs. } 60,000$

**Question No: 210 (Marks: 1) - Please choose one**

---

Which of the following is similar to the concept of clubbing of Incomes?

Unification only two heads of Income

**Association of two or more heads of Income**

Splitting up of only two heads of Income

Division of two or more than two heads of Income

Ref: [http://www.tybcom.com/docs/tax\\_clb\\_of\\_inc.pdf](http://www.tybcom.com/docs/tax_clb_of_inc.pdf)

Or: <http://www.etaxindia.org/2009/11/clubbing-income-of-spouse-a-practical-approach.html>

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**Question No: 211 (Marks: 1) - Please choose one**

---

Payment of Zakat is entitled to a deductible allowance according to provisions of sec.60.

**True**

False

**Deductible Allowance:**

The person shall be entitled to a deductible allowance for any **Zakat** paid by the person in a tax year according to provisions of sec.60, PAGE 40

**Question No: 212 (Marks: 1) - Please choose one**

---

Which of the following is NOT a “Person” as defined in Sec 2 (42) of the Income Tax Ordinance?

An Individual

The Federal Government

Public International Organization

**None of the given option**

**Person—Sec. 2(42) read with section 80. Person includes:**

• An individual

- A company or association of persons incorporated or formed in Pakistan or elsewhere; and
- The federal Government,
- a foreign government,
- a political sub division of foreign government, or
- Public international organization

PAGE 11

**Question No: 213 (Marks: 1) - Please choose one**

---

Mr. Z resident of Pakistan received dividend amounting Rs. 10,000 in UK from UK resident company. What is the tax treatment for calculating his gross total income?

Or

Mr. A employed in Pakistan received dividend amounting Rs. 10,000 in UK from Pakistani resident company. What is the tax treatment for calculating his gross total income?

Added in total income

Subtracted from the total income

No treatment due to non-resident company

**Exempt from tax**

**Section 50 Foreign-Source Income of Short-Term Resident Individuals**

1. Subject to sub-section-2, the foreign-source income of an individual shall be exempt:

PAGE 23

**Question No: 214 (Marks: 1) - Please choose one**

---

The Fiscal year is a period of \_\_\_\_\_ months arbitrarily chosen for tax purposes.

3

6

**12**

18

**Question No: 215 (Marks: 1) - Please choose one**

---

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

Accrual Basis

Cash Basis

Both accrual and cash bases

**Free to choose any kind of base**

**For Companies -Accrual basis mandatory.**

**For Others --- optional, cash or Accrual Basis**

PAGE 70



**Question No: 216 (Marks: 1) - Please choose one**

---

Mr. X employed in Pakistan earned pension from Pakistan Government but received in London Rs. 100,000. Which of the following is right for the above scenario?

**Mr. X being resident of Pakistan Rs. 100,000 will be added in Gross total income**

Mr. X being resident of Pakistan Rs. 100,000 will be subtracted in Gross total income

Mr. X being resident of Pakistan Rs. 100,000 will be added in total income after tax

Mr. X being non-resident of Pakistan Rs. 100,000 will be exempted

**Question No: 217 (Marks: 1) - Please choose one**

---

Achieving full employment level is one of the objectives of which of the following policy?

Monetary policy

**Fiscal policy**

Trade Policy

Economic Policy

**Objectives of Fiscal Policy**

1 Economic Development

1 Raising level of employment (**Achieving full employment level**)

1 Influencing consumption patterns

1 Price stability

1 Redistribution of income

1 Removal of deficit in Balance of Payments

**PAGE 2**

**Question No: 218 (Marks: 1) - Please choose one**

---

Any dividend is Pakistan source income if it is paid by which of the following?

**By resident Company**

By non resident Company

By resident Individual

By resident AOP

**A dividend shall be Pakistan-source income if it is paid by a resident company. PAGE 28**

**Question No: 219 (Marks: 1) - Please choose one**

---

Loss can be carried forward up to how many years?

3 years

4 years

5 years

**6 years**

(1) in that year, and so on, but no loss can be carried forward to more than **six tax years** immediately succeeding the tax year for which the loss was first computed. PAGE 85

**Question No: 220 (Marks: 1) - Please choose one**

---

Loss from speculation business can be set off against

Business income

Income earned from resident company

**Speculation business income**

None of the given options

**Question No: 221 (Marks: 1) - Please choose one**

---

Agricultural income includes which one of the following?

Dividend paid by a company out of its agriculture income

Income from fisheries

Royalty income of mines

**Share of profit of a partner from a firm engaged in agricultural**

**Share of profit of a partner from a firm engaged in agricultural operation (similarly salary received by him. PAGE 20**

**Question No: 222 (Marks: 1) - Please choose one**

---

\_\_\_\_\_ are allowable deductions in case if the tax payer is running a business.

Salaries paid

Purchases

Office expenditures

**All of the given options**

**PAGE 67**

**Question No: 223 (Marks: 1) - Please choose one**

---

Any obligation of employee waived off by employer will not be added back to his taxable income.

True

**False**

**Obligation of employee waived off by employer. Add back. PAGE 39**

**Question No: 224 (Marks: 1) - Please choose one**

---

What is the tax treatment of any profit on the US Dollar Bonds purchased by the non resident person before December 1999 under clause 82 of the Second Schedule?

Wholly taxable  
Wholly exempt  
Partly taxable

**Not mention in second schedule**

Profits on Special US Dollar Bonds, 1998 rules [Clause (82), Part I of Second Schedule.  
PAGE 24

**Question No: 225 (Marks: 1) - Please choose one**

If an employee's taxable income is Rs.715, 000 and he paid donations amounting Rs. 10,000 to a charitable institution, what will be the value of 'C' in calculating tax credit?

Rs.715, 000  
Rs.214, 500  
**Rs.10, 000**  
Rs.224, 500

10000 c

107250 a

715000 b

**C 30% of taxable income or the amount of donation which ever is c  
(715000\*30%=214500)**

**Lesser is c 10,000 PAGE 41**

**Question No: 226 (Marks: 1) - Please choose one**

What is the tax treatment of the salary of an employee of foreign government but citizen of Pakistan?

**Exempt form tax**

Wholly Taxable  
Partly Taxable  
No Tax treatment given in IT Ordinance 2001

**Salary of an employee of foreign government exempt provided: PAGE 22**

**Question No: 227 (Marks: 1) - Please choose one**

After completion of minimum period of service specified in the regulations of fund or on the retirement of employment, gratuity is received only by the employee himself.

True

**False**

**On termination of their employment after completion of minimum period of service specified in the regulations of fund or to the widows, children or dependants of such employees on their death. PAGE 55**

**Question No: 228 (Marks: 1) - Please choose one**

---

Bench Mark rate for the tax year 2010 is:

- 8%
- 10%
- 12%**
- 13%

<http://hubpages.com/hub/Tax-Year-2010>

**Question No: 229 (Marks: 1) - Please choose one**

---

Which of the following person fulfilled the criteria of a Taxpayer?

- Any representative of a person who derives an amount chargeable to tax
- Any person who is required to deduct or collect tax
- Any person required to furnish a return of income

**All of the given options**

**Sec. 2(66) "Taxpayer"** means any person who derives an amount chargeable to tax under this ordinance;

- o Any representative of a person who derives an amount chargeable to tax under this ordinance
- o Any person who is required to deduct or collect tax under part V of chapter X and chapter XII
- o Any person required to furnish a return of income or pay tax under this ordinance.

**PAGE 13**

**Question No: 230 (Marks: 1) - Please choose one**

---

Recognized provident fund is recognized by

- Income tax officer
- Central board of revenue
- Commissioner of income tax**
- High court

**• Recognized Provident Fund (recognized by Commissioner of Income Tax under Part I of Sixth Schedule). PAGE 60**

**Question No: 231 (Marks: 1) - Please choose one**

---

Which of the following is the rate of tax for salaried Individuals for tax year 2010, where the taxable income exceeds Rs. 4,550,000 but does not exceed Rs. 8,650,000?

- 17.50%
- 18.50%
- 19.00%**
- 20.00%

Where the taxable income exceeds Rs. 4,550,000 but does not exceed Rs. 8,650,000,  
RATE IS 19.00% PAGE 125

**Question No: 232 (Marks: 1) - Please choose one**

---

In Income Tax Ordinance 2001 tax concessions meant for which of the following?

- Reduction in tax liability
- Reduction in tax rate
- Reduction in taxable Income

**All of the given options**

Liable to tax at such rates, which are less than the rates specified in the First schedule? Or  
c) Allowed a reduction in tax liability, subject to the conditions and to the extent  
specified therein; or PAGE 18

**Question No: 233 (Marks: 1) - Please choose one**

---

A cash amount paid by a person as donation shall be taken into account only if it was  
paid by a crossed cheque drawn on a bank.

**True**

False

A cash amount paid by a person as donation shall be taken into account only if it was  
paid by a crossed cheque drawn on a bank. PAGE 41

**Question No: 234 (Marks: 1) - Please choose one**

---

Government provident fund is

- Totally taxable
- Partially taxable
- Totally exempt**
- Partially exempt

<http://www.vakilno1.com/bareacts/employeeact/s17.htm>  
ref provided by **Innocent Prince** and **jalpari**

**Question No: 235 (Marks: 1) - Please choose one**

---

Mr Ali is an employee of ABC Co. the company has provided a driver and a gardener to  
Mr. Ali. What will be the treatment of their salaries as per Income Tax Ordinance 2001?

**The salaried paid to them added in the salary of MR. Ali**

- The salaried paid to them subtracted in the salary of MR. Ali
- Have no relation with salary of Mr. Ali
- The Salaried paid are exempted from Tax

Services of house keeper, driver, gardener, other domestic servant Amount provided by employer added back to employee's salary.

(page 37) Sub Sec. (5) Where, in a tax year, the services of a housekeeper, driver, gardener or other domestic assistant provided by an employer to an employee, the amount chargeable to tax to the employee under the head "salary" for that year shall include the total salary paid to [such housekeeper, driver, gardener or other domestic assistant] in that year for services rendered to the employee, as reduced by any payment made by the employee [to the employer] for such services. PAGE 39

**Question No: 236 (Marks: 1) - Please choose one**

---

Which one of the following is the main objective of Fiscal Policy?

Economic Development

Price stability

Removal of deficit in Balance of Payment

**All of the given options**

**Objectives of Fiscal Policy**

1 Economic Development

1 Raising level of employment (**Achieving full employment level**)

1 Influencing consumption patterns

1 Price stability

1 Redistribution of income

1 Removal of deficit in Balance of Payments

PAGE 2

**Question No: 237 (Marks: 1) - Please choose one**

---

Which one of the following canons of taxation suggests easiness in time of payment and mode of collection of tax?

Simplicity

**Convenience**

Certainty

Capacity to Pay

**Convenience**

The convenience of tax payer as well as tax collector must be the bottom line of any taxation system. The time of payment of tax, mode of collection of tax, should be convenient for the tax payers. PAGE 2

**Question No: 238 (Marks: 1) - Please choose one**

---

Which one of the following principle of tax emphasized, that the taxation policy should be designed in such a way to boost business atmosphere and the investment environment in the country?

Convenience

Judicious  
Capacity to Pay  
**Business friendly**

**Business Friendly**

According to this principle, the taxation policy should be such as to boost business atmosphere and not discouraging the investment environment. PAGE 2

**Question No: 239 (Marks: 1) - Please choose one**

---

Gratuity Approved by Central Board of Revenue is

**Wholly exempt**

Wholly taxable  
Exempt up to Rs. 200,000  
50% of amount receivable

Gratuity fund approved by the Commissioner of Income Tax is exempt under Sixth Schedule. Treatment if Gratuity Approved by Central Board of Revenue PAGE 57

**Question No: 240 (Marks: 1) - Please choose one**

---

Pension received by a citizen of Pakistan is \_\_\_\_\_ from tax.

Partially taxable  
Fully taxable  
Taxable 25% of the pension received

**Totally exempt**

Any pension received by a citizen of Pakistan from a former employer, other than where the person continues to work for the employer (or an associate of the employer). Provided that where the person receives more than one such pension, the exemption applies only to the higher of the pensions received. PAGE 58

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**Question No: 241 (Marks: 1) - Please choose one**

---

Which of the following is the rate of tax for salaried Individuals (male) for tax year 2010, where the taxable income does not exceed Rs. 200,000?

**0%**

0.25%

0.50%

0.75%

**Rates of tax for salaried Individuals for tax year 2010**

1 Where the taxable income does not exceed Rs. 200,000, tax rate 0%

**Question No: 242 (Marks: 1) - Please choose one**

---

Which of the following is NOT an admissible deduction under the head income from property?

Unpaid rent

Property tax

**Payment of premium**

Fair market rent

**Question No: 243 (Marks: 1) - Please choose one**

---

Which of the following is the important content for calculating tax on income?

Taxable Income

Residential Status

Tax Year

**All of the given options**

**Question No: 244 (Marks: 1) - Please choose one**

---

Interpretation of Tax Laws is the prime responsibility of which of the following?

Parliament

**Supreme Court**

High Court

Superior Judiciaries

**Decisions and interpretation of Supreme Court are binding on all courts in Pakistan, according to Article 189 of constitution 1973. PAGE 5**

**Question No: 245 (Marks: 1) - Please choose one**

---

Mr. A's total taxable income for the year 2010 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

**Rates of tax for salaried Individuals for tax year 2010**

$600,000 \times 4.5\% = 27,000$

6. Where the taxable income exceeds Rs. 450,000 but does not exceed Rs. 550,000, tax rate 3.50%

**Question No: 246 (Marks: 1) - Please choose one**

---

Mr. A's total taxable income for the year 2010 is Rs. 1,000,000. Which of the following is the tax liability of Mr. A?

**Rs. 90,000**

Rs. 100,000

Rs. 110,000

Rs. 125,000

$1,000,000 \times 9\% = 90,000$

**Rates of tax for salaried Individuals for tax year 2010**

10. Where the taxable income exceeds Rs. 900,000 but does not exceed Rs. 1,050,000, tax rate 9.00%

**Question No: 247 (Marks: 1) - Please choose one**

---

Mr. A's total taxable income for the year 2010 is Rs. 150,000. Which of the following is the tax liability of Mr. A?

**Nil**

Rs. 375

Rs. 750

Rs. 1,125

**Rates of tax for salaried Individuals for tax year 2010**

1 Where the taxable income does not exceed Rs. 200,000, tax rate 0%

**Question No: 248 (Marks: 1) - Please choose one**

---

An Individual will be termed as Short Term Resident under section 50 of the IT Ordinance 2001 on which of the following condition?

His period of stay in Pakistan equal to 183 days

The employee of Foreign Government

The citizen of Pakistan

**His period of stay in Pakistan not exceeding 3 years**

**, Section 50 Foreign-Source Income of Short-Term Resident Individuals**

1. Subject to sub-section-2, the foreign-source income of an individual shall be exempt:

a. Who is a resident individual solely by reason of the individual's employment; and

b. Who is present in Pakistan for a period or periods not exceeding three years, PAGE 23

**Question No: 249 (Marks: 1) - Please choose one**

---

In a tax \_\_\_\_\_ you give information about what you earn every year.

**Return**

Statement

Sheet

Report

**Tax Return:**

Return is prescribed document for submission of taxable income by taxpayer. Specimens of Return to be submitted by different taxpayers are designed by CBR under Income Tax rules, 2002.pg 98

Fully state all relevant particulars or information as specified in the form of return, including a declaration of the records kept by the taxpayer; and. PAGE 98

**Question No: 250 (Marks: 1) - Please choose one**

---

Income from lease of tangible movable property is chargeable to tax under

Income from property

Income from other sources

**Income from business**

Income from capital gains

**INCOME FROM BUSINESS & ITS COMPUTATION**

c) Income from hire or lease of tangible movable property. PAGE 100

**Question No: 251 (Marks: 1) - Please choose one**

---

Unrecognized provident fund is

**Totally taxable**

Partially taxable

Totally exempt

Partially exempt

**Un-recognized provident fund [wholly taxable] PAGE 60**

**Question No: 252 (Marks: 1) - Please choose one**

---

If any other office involved in the management of a company it is termed as:

**Employment**

Employer

Employee

Business premises

**2(22) "employment includes:**

**• a directorship or any other office involved in the management of a company; PAGE 8**

**Question No: 253 (Marks: 1) - Please choose one**

---

Conveyance provided by employer for personal use of the employee is only taxed @ 5% of the cost to the employer for acquiring the vehicle or the fair market value of vehicle.

True

**False**

**Conveyance provided for personal use only 10% PAGE 43**

**Question No: 254 (Marks: 1) - Please choose one**

---

Any amount shall be foreign-source income if it is paid by:

Resident person

**Non-resident person**

Citizen of Pakistan

All of the given options

**Question No: 255 (Marks: 1) - Please choose one**

---

Which of the following is a general compulsory contribution of wealth by the state, to meet the expenses incurred in providing common benefits upon the residents?

Fee

**Taxes**

Charges

Penalties

**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. PAGE 1**

**Question No: 256 (Marks: 1) - Please choose one**

---

If the accounting year of firm manufacturing shawls is started from 1<sup>st</sup> April 2002 and ending on 31st March 2003. What will be its tax year?

Tax year 2002

**Tax year 2003**

Tax year 2004

Tax year 2005

**Question No: 257 (Marks: 1) - Please choose one**

---

Deficit Financing is one of the tools of which of the following policy?

Monetary policy  
**Fiscal policy**  
Trade Policy  
Economic Policy

**Instruments of Fiscal Policy**

- ☐ Government Expenditures
- ☐ Taxes
- ☐ **Deficit Financing**
- ☐ Subsidies
- ☐ Transfer Payments—like Unemployment Allowances etc. PAGE 2

**Question No: 258 (Marks: 1) - Please choose one**

---

Normally the salary income is taxed on cash basis but there is one exception available in Income Tax Ordinance 2001 that salary income can be taxed on due basis if there are reasonable grounds. Which of the following section deals with this exception?

Section 53  
Section 101  
**Section 110**  
Section 111

☐ **When Commissioner can tax "salary" on due basis :-**

In certain cases, the Commissioner has been given powers to tax salary on due basis. Section 110 reads as under:

**"Salary paid by Private Companies":**

where, in any tax year, salary is paid by a private company to an employee of the company for services rendered by the employee in an earlier tax year and the salary has not been included in the employee's salary chargeable to tax in that earlier year, the Commissioner may, if there are reasonable grounds to believe that payment of the salary was deferred, include the amount in the employee's income under the head "Salary" in the earlier year. PAGE 39

**Question No: 259 (Marks: 1) - Please choose one**

---

Which one of the following is main difference between the tax and fee?

Imposing authority  
Applied Rates  
**Entitlement of Counter benefit**  
Mode of payment

☐ **Taxes Vs Fees:**

Taxes are compulsory levy and it is the legal obligation of the person to pay the amount of tax which is required to pay under the law, where as payment of fee is the discretion of

any person and when a fee is paid, the person becomes an entitled to claim counter benefits. PAGE 1

**Question No: 260 (Marks: 1) - Please choose one**

---

Profit earned on debts is chargeable under

Income from salary

Income from other sources

**Income from business**

Income from capital gains

Profit earned on debts in course business shall be chargeable to 'income from business'. PAGE 66

**Question No: 261 (Marks: 1) - Please choose one**

---

Any gain arising on the disposal of shares in a resident company belongs to which of the following?

Foreign source of income

**Pakistan source income**

Both Pakistan and foreign source of income

None of the given option

13) Any gain arising on the disposal of shares in a resident company shall be Pakistan-source income. PAGE 29

**Question No: 262 (Marks: 1) - Please choose one**

---

Concept of separate legal entity of accounting applies on which of the following concepts in taxation under section 105 of the ordinance?

Resident and permanent establishment

**Non-resident and permanent establishment**

Citizenship and permanent establishment

All of the given options

Taxation of a permanent establishment in Pakistan of a non-resident person Sec. 105. PAGE 31

**Question No: 263 (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

Reimbursement of expenditure by the employer is Taxable. PAGE 39

**Question No: 264 (Marks: 1) - Please choose one**

---

Income of the recognized vocational institution is

Wholly taxable

**Exempt**

Exempt up to 50%

Partially taxable

**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.

**PAGE 66**

**Question No: 265 (Marks: 1) - Please choose one**

---

Which of the following is the main tool of Fiscal Policy?

**Taxes**

Deficit Financing

Subsidies

Transfer Payments

**Question No: 266 (Marks: 1) - Please choose one**

---

Pride of performance awarded by President is exempt from tax. Under which section it is treated in Income Tax ordinance 2001?

Section 40

Section 41

**Section 45**

Section 46

**Section 45 President's Honour**

(1) Any allowance attached to any Honour, Award, or Medal awarded to a person by the President of Pakistan shall be exempt from tax under this Ordinance. PAGE 22

**Question No: 267 (Marks: 1) - Please choose one**

---

Which one 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

**□ 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. PAGE 1

**Question No: 268 (Marks: 1) - Please choose one**

---

Income of a Text-Book Board is

Wholly taxable

**Exempt**

Exempt up to 50%

None of the given options

**Exemptions and Tax Concessions**

• Income of Text-Book Boards [Clause (91), Part I of the Second Schedule] PAGE 24

**Question No: 269 (Marks: 1) - Please choose one**

---

Which of the following is the example of deem income?

**Cash Gift**

Salary

Loan through cross cheque

Golden hand shake

**Question No: 270 (Marks: 1) - Please choose one**

---

Mr. John a non-resident received profit in Pakistan on a security issued by a resident person, how the profit will be treated under sec (46) of IT Ordinance 2001?

Wholly Taxable

**Wholly Exempt**

Partly Exempt

None of the given options

**Section 46 Profit on Debt**

Any profit received by a non – resident person on a security issued by a resident person shall be **exempt** from tax provided: PAGE 22

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**Question No: 271 (Marks: 1) - Please choose one**

---

Which of the following tax is payable on merchandise imported or exported from one country to another?

**Custom duty**

Income tax  
Sales tax  
Wealth tax

**Question No: 272 (Marks: 1) - Please choose one**

---

Tax rate for taxable income for the tax year 2010 exceeding Rs 550,000 up to Rs 650,000 is 6.0% as given in the first schedule of Income Tax Ordinance 2001.

True

**False**

**Rates of tax for salaried Individuals for tax year 2010**

7. Where the taxable income exceeds Rs. 550,000 but does not exceed Rs. 650,000, tax rate 4.50%

**Question No: 273 (Marks: 1) - Please choose one**

---

Total income of a person for a tax year shall be the sum of the person's income under which of the following head?

Only Income from salary  
Only Income from Business  
Only Income from Property

**All of the given options**

**Total Income (Section 10)**

Total income of a person for a tax year shall be the sum of the person's income under each of the heads of income. PAGE 17

**Question No: 274 (Marks: 1) - Please choose one**

---

Which of the following tax is paid from money you received from someone who has died?

Income tax

**Inheritance tax**



Property tax  
Sales tax

<http://www.thefreedictionary.com/inheritance+tax>

**Question No: 275 (Marks: 1) - Please choose one**

---

Profit on debt shall be Pakistan-source income if it is:

- Paid by a resident person
- Paid by the resident person from business carried on outside Pakistan through a permanent establishment
- Paid by non-resident person
- All of the given options**

Profit on debt shall be Pakistan-source income if it is-

- (1) Paid by a resident person, except where the profit is payable in respect of any debt used for the purposes of a business carried on by the resident outside Pakistan through a permanent establishment; or
- (2) Borne by a permanent establishment in Pakistan of a non-resident person. PAGE 28

**Question No: 276 (Marks: 1) - Please choose one**

---

M/s ABC & Co. has been incorporated under Pakistan Companies Ordinance 1984. However its most of the branches are operated out of Pakistan?

**Resident Company**

- Non- Resident Company
- Resident Individual
- Resident AOP

**Question No: 277 (Marks: 1) - Please choose one**

---

Pension received by an employee of the Government or the armed forces is exempt from tax define in:

- 2nd Schedule Part 1 Cl.(8)
- 2nd Schedule Part 1 Cl.(25)
- 2nd Schedule Part 1 Cl.(9)**
- None of the given options

**Total Income under Second Schedule Part 1:**

Pension Clause (9):

Pension of Federal, Provincial Govt. & Armed Forces employees & Families. PAGE 24

**Question No: 278 (Marks: 1) - Please choose one**

---

Formula to compute the tax rate applies on gratuity received, "B" stands for;

The total tax paid or payable by the employee for the three preceding tax years  
**The employee's total taxable income for the three preceding tax years**  
The gratuity received by the employee  
None of the given options

**B is the person's taxable income for the tax year; and PAGE 41**

**Question No: 280 (Marks: 1) - Please choose one**

---

Which of the following is the External aid for the interpretation of tax laws?

Preamble  
Non-Obstinate clause  
Title of a chapter  
**Finance Minister's budget speech**

**External Aids:**

These are not available in the statute/ law but are available in the following instruments / sources.

- ☐ Dictionary
- ☐ Tax committee report
- ☐ Statement of objects appended to a finance bill
- ☐ **Finance Minister's budget speech**
- ☐ CBR's circulars
- ☐ Definitions in other statutes
- ☐ Departmental manuals

**PAGE 7**

**Question No: 281 (Marks: 1) - Please choose one**

---

Which of the following section deal with tax treatment of person who is a cultivator or receiver of agricultural produce as rent-in-kind in the business of cultivator?

**Rule 11 of the IT Rule 2002**

Section 40 of the Income Tax Ordinance 2001  
Section 41 of the Income Tax Ordinance 2001  
Section 42 of the Income Tax Ordinance 2001

**Agricultural Produce is used as raw material [rule 11]**

Where a person who is a cultivator or receiver of agricultural produce as rent-in-kind and who uses agricultural produce raised or received as raw material in a business the market value of the said produce shall be deducted as business expenditure. **PAGE 21**

**Question No: 282 (Marks: 1) - Please choose one**

---

Mr. Joseph is an employee of Foreign Government posted in Pakistan? What will be the residential status of Mr. Joseph?

Resident Individual

**Non- Resident Individual**

Resident HUF

Resident AOP

### **Section 43 Foreign Government Officials**

Salary of an employee of foreign government exempt provided:

a. Employee citizen of foreign country and not a citizen of Pakistan. PAGE 22

**Question No: 283 (Marks: 1) - Please choose one**

---

Mr. X resident of Pakistan remittance from UK received Rs. 20,000 in Pakistan from past profits. Which of the following is right for the above scenario?

Mr. X being resident of Pakistan Rs. 20,000 will be added in Gross total income

Mr. X being resident of Pakistan Rs. 20,000 will be Subtracted in Gross total income

Mr. X being non-resident of Pakistan Rs. 20,000 will be added in Gross total income

**None of the given options**

See exemple>Remittance from Tokyo on March 10, 2009 out of past profits earned and received there amounting Rs.600,000; PAGE 33

**Question No: 284 (Marks: 1) - Please choose one**

---

Income tax ordinance, 2001 became effective from which of the following date?

1st July 2001

13th September 2001

**1st July 2002**

13th September 2002

### **Income Tax Ordinance, 2001**

To updates the tax laws and brings our law in accordance with international standards, this ordinance was promulgated on 13th September, 2001, which became effective from 1st July, 2002. PAGE 2

**Question No: 285 (Marks: 1) - Please choose one**

---

Pension is exempt under

### **Clause (12) Part I of Second Schedule**

Clause (121) Part I of Second Schedule

Clause (122) Part I of Second Schedule

Clause (112) Part I of Second Schedule

### **Exemptions from Total Income under Second Schedule Part 1:**

• Commutation of pension Clause (12) PAGE 24

**Question No: 286 (Marks: 1) - Please choose one**

---

Which of the following is the Special Accounting Year of Companies exporting rice?

1st January to 31st December

1st July to 30th June

1st October to 30th September

**1st September to 31st August**

All persons carrying on business of cotton ginning, rice husking and oil milling 1st September to 31st August

PAGE 11

**Question No: 287 (Marks: 1) - Please choose one**

---

Gratuity is only granted in case of retirement.

True

**False**

- Provision of Gratuity to employees or
- Undertaking of provision (payment) of gratuity on retirement or
- On employees becoming incapacitated or
- On termination of their employment after completion of minimum period of service specified in the regulations of fund or to the widows, children or dependants of such employees on their death
- All benefits granted by the fund shall be payable only in Pakistan.

PAGE 55

**Question No: 288 (Marks: 1) - Please choose one**

---

Bonuses are fully taxable under Income Tax Ordinance 2001.

**True**

False

**Question No: 289 (Marks: 1) - Please choose one**

---

Which of the following is a literal meaning of tax?

**Burden**

Endurance

Patience

Fortitude

☐ Literal meanings ----- Burden, Strain PAGE 1

**Question No: 290 (Marks: 1) - Please choose one**

---

Statutory provident fund is also known as:

Recognized provident fund  
Unrecognized provident fund  
**Government provident fund**  
None of the given options

**Question No: 291 (Marks: 1) - Please choose one**

---

As per clause 13(iii) of the part 1 of second schedule, if gratuity fund is approved by CBR, the amount of fund exempted up to Rs. 200,000 and any amount exceeding it will be taxed in which of the following way?

**Salary Income**

Income from Business  
Capital gain  
Other Income

• Amount exceeding Rs. 200,000/- will be taxable as salary. PAGE 57

**Question No: 292 (Marks: 1) - Please choose one**

---

Which part of income is charged to tax of non-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

whereas, non-resident person charged only on Pakistan Source Income  
Sec.11 (6). PAGE 28

**Question No: 293 (Marks: 1) - Please choose one**

---

Expenses entitled to be paid by a Company, then entry of such expenses will 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

**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)] PAGE 18

**Question No: 294 (Marks: 1) - Please choose one**

---

Which of the following is the Tax year available for salaried individual?

1st January to 31st December

**1st July to 30th June**

1st October to 30th September

1st September to 31st August

**Question No: 295 (Marks: 1) - Please choose one**

---

What is the residential status of Provincial Government of Pakistan?

**Resident Individual**

Resident Company

Resident AOP

Resident HUF

**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? PAGE 26

**Question No: 296 (Marks: 1) - Please choose one**

---

Which one of the following is the general meaning of Tax?

Relax

Lighten

Relieve

Fatigue

**Question No: 297 (Marks: 1) - Please choose one**

---

What is the tax treatment of the leave encashment on the retirement of the employee?

Wholly Taxable

**Wholly exempt**

Partly Taxable

Not mentioned in Income Tax Ordinance 2001

**Leave encashment on retirement falls in this category PAGE 39**

**Question No: 298 (Marks: 1) - Please choose one**

---

Pension granted to disabled is treated as

Totally taxable  
Partially taxable  
**Totally exempt**  
Partially exempt

Any payment in the nature of commutation of pension received from the government or under any pension scheme approved by the Central Board of Revenue under clause (12), Part I, Second Schedule is exempt from tax. PAGE 59

**Question No: 299 (Marks: 1) - Please choose one**

---

Which of the following section deals with the residential status of Association of Person?

Section 81  
Section 82  
Section 83  
**Section 84**

**Resident Association of Persons Sec. 84. PAGE 26**

**Question No: 300 (Marks: 1) - Please choose one**

---

If M/s ABC and Co. an association of person is 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**

**Question No: 311 (Marks: 1) - Please choose one**

---

Land revenue rent (Lagan) is received by which of the following authority?

High Court  
Supreme Court  
Income Tax Department  
**Provincial Government**

The Board of Revenue (BOR) at provincial level is mandated with all matters connected with administration of the land, collection of land revenue, [http://www.fig.net/pub/fig2010/papers/fs03f%5Cfs03f\\_ali\\_nasir\\_3901.pdf](http://www.fig.net/pub/fig2010/papers/fs03f%5Cfs03f_ali_nasir_3901.pdf)

**Question No: 312 (Marks: 1) - Please choose one**

---

The Chairman of CBR has the responsibility for which of the following measures?

Formulation and administration of fiscal policies

Levy and collection of federal taxes  
Quasi-judicial function of hearing of appeals  
**All of the given options**

**Question No: 313 (Marks: 1) - Please choose one**

---

Mr. A non-resident person employed in UK received Rs. 500,000 as salary.  
Which of the following statement is true for Mr. A?

Rs. 500,000 will be added in Gross total income being non resident person  
Rs. 500,000 will be subtracted from Gross total income being non resident person  
**Rs. 500,000 will be exempt from tax being non resident person**  
None of the given options

**Question No: 314 (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.

**.03**  
.06  
.07  
.10

**Question No: 315 (Marks: 1) - Please choose one**

---

Which of the following come under the ambit of Royalty under section 2 (54)?

Right to use any patent  
Copy right of a literary  
Right to use any industrial or scientific equipment

**All of the given options**

**Royalty Defined Sec. 2 (54)**

a) The use of, or right to use any patent, invention, design or model, secret formula or process, trade mark or other like property or right.

The use of or right to use any industrial, commercial or scientific equipment;

**PAGE 30**

**Question No: 316 (Marks: 1) - Please choose one**

---

Mr. A non-resident of Pakistan received interest on Australian Bonds Rs. 100,000 (half amount received in Pakistan). What is the treatment of this amount for calculating his gross total income?



Rs. 100,000 added in his total income  
Rs. 100,000 subtracted from his total income  
Rs. 50,000 added in his total income

**Exempt from tax**

**Question No: 317 (Marks: 1) - Please choose one**

---

Miss Sonia's total taxable income for the year 2010 is Rs. 260,000. Which of the following is the tax liability of Miss Sonia?

**Nil**

Rs. 500  
Rs. 1,000  
Rs. 1,500

Provided that where income of a woman taxpayer is covered by this clause, no tax shall be charged if the taxable income does not exceed Rs. 240,000: PAGE 125  
[http://wiki.answers.com/Q/What are the salary income tax rates in pakistan for 2010](http://wiki.answers.com/Q/What_are_the_salary_income_tax_rates_in_pakistan_for_2010)

**Question No: 318 (Marks: 1) - Please choose one**

---

Accrual basis accounting method is mandatory for which one of the following:

Salaried person  
Association of person  
**Companies**  
Proprietorship

**For Companies –Accrual basis mandatory. PAGE 70**

**Question No: 319 (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. 200,000  
More than Rs. 200,000  
**More than Rs. 260,000**

**Rates of tax for salaried Individuals for tax year 2010**

where income of a woman taxpayer is covered by this clause, no tax shall be charged if the taxable income does not exceed Rs. 260,000:

**Question No: 320 (Marks: 1) - Please choose one**

---

Which of the following incomes are treated as agriculture income?

Agro based industry

Spontaneous forests

Interest received by a farmer on lending

**Income from land situated in Pakistan used for agriculture**

**Agricultural income:**

(a) Any rent or revenue derived by a person from land which is situated in Pakistan and is used for agricultural purposes; PAGE 19

**Question No: 321 (Marks: 1) - Please choose one**

---

Which of the following is the rate of tax for salaried Individuals for tax year 2010, where the taxable income exceeds Rs. 650,000 but does not exceed Rs. 750,000?

3.50%

4.50%

**6.00%**

7.50%

**Tax year 2010:**

8 .Where the taxable income exceeds Rs. 650,000 but does not exceed Rs. 750,000,tax rate 6.00%

**Question No: 322 (Marks: 1) - Please choose one**

---

Mr. Kishan Kumar during his yearly tour in Pakistan spends 156 working days, 26 off-working days and 1 Public Holiday in a tax year 2009-2010? Which of the following is his residential status?

**Resident Individual**

Non Resident Individual

Resident Person

Resident HUF

**Question No: 324 (Marks: 1) - Please choose one**

---

Which of the following is not included in business?

Commerce

Manufacture

Profession

**Employment**

**Business Defined Section 2(9)**“Business includes any trade, commerce, manufacture, profession, vocation but doesn’t include employment” PAGE66

**Question No: 325 (Marks: 1) - Please choose one**

---

Which of the following is the Tax Treatment of utilities for the year 2010?

**Wholly taxable**

Wholly exempted

Exempt up to 10% of MTS

Exempt up to 45% of MTS

**Question No: 326 (Marks: 1) - Please choose one**

---

If a depreciable asset disposes of with in a tax year than:

Total depreciation deductions allowed

**No depreciation deductions allowed**

25% of depreciation deduction allowed

None of the given options

**No depreciation deductions allowed where in a tax year a person disposes of a depreciable asset; PAGE68**

**Question No: 327 (Marks: 1) - Please choose one**

---

In the formula of computing the capital gains, A defines

Cost of the asset

FMV of asset

**Consideration received on disposal**

None of the given options

**A is the consideration received by the person on disposal of the capital asset PAGE79**

**Question No: 328 (Marks: 1) - Please choose one**

---

Assessment shall state the following:

Tax payable

Taxable income

Tax due

**All of the given options**

**Assessment Order by Commissioner**

**Shall state the following details:**

**Taxable Income**

**Tax Due**

**Amount of Tax Paid**

**Tax Payable**

**Time, place & manner of appealing the assessment order. PAGE 100**

**Question No: 329 (Marks: 1) - Please choose one**

---

Provident fund maintained by a private organization which has not been granted recognition by the Income Tax Authorities, is discussed in which of the following type of provident fund

- Government provident fund
- Recognized provident fund
- Unrecognized provident fund
- None of the given options

**Question No: 330 (Marks: 1) - Please choose one**

---

What is the residential status of Federal Government of Pakistan?

**Resident Person**

- Resident Company
- Resident AOP
- Resident HUF

**Resident Person (Section 81)**

- a. Resident Individual, Resident Company, or Resident Association of Persons for the year or
- b. The Federal Government PAGE 26

**Question No: 331 (Marks: 1) - Please choose one**

---

Which one of the following specifies the rates of depreciation?

- Part I of 3rd schedule
- Part II of 3rd schedule
- Part III of 3rd schedule
- None of the given options**

**PAGE 123**

**Question No: 332 (Marks: 1) - Please choose one**

---

Which of the following is the rate of tax for salaried Individuals for tax year 2010, where the taxable income exceeds Rs. 900,000 but does not exceed Rs. 1,050,000?

- 9.00%**
- 10.00%
- 11.00%
- 12.50%

**Rates of tax for salaried Individuals for tax year 2010**

10 Where the taxable income exceeds Rs. 900,000 but does not exceed Rs. 1,050,000, tax rate 9.00%

**Question No: 333 (Marks: 1) - Please choose one**

---

Which of the following is the rate of tax for male salaried Individuals for tax year 2010, where the taxable income exceeds Rs. 200,000 but does not exceed Rs. 250,000?

- 0%
- 0.25%
- 0.50%**
- 0.75%

**Rates of tax for salaried Individuals for tax year 2010**

2 Where the taxable income exceeds Rs. 200,000 but does not exceed Rs. 250,000, TAX RATE 0.50%

**Question No: 334 (Marks: 1) - Please choose one**

---

If tax payable of a partnership firm is Rs. 900,000, what will be the tax rate applied?

- 21.50%
- 15.00%
- 17.50%**
- 10.50%

**(900,000 x 17.50 %\*) = Rs 157,500 PAGE 37**

**Question No: 335 (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 of the following is right for the above 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: 336 (Marks: 1) - Please choose one**

---

Which one of the following section deals with intangibles?

- Section 22
- Section 24**
- Section 222
- Section 242

**Intangibles (Sec. 24):**

A person shall be allowed an amortization deduction in a tax year for the cost of intangibles; PAGE 68

**Question No: 337 (Marks: 1) - Please choose one**

---

Following person is required to file tax return:

Widow

Disabled person

**The person has become bankrupt**

Orphan below age of 25

**The person has become bankrupt or gone into liquidation; PAGE 98**

**Question No: 338 (Marks: 1) - Please choose one**

---

What is the tax treatment of income from the sale of Mudarba Certificates?

Wholly taxable

**Wholly exempt**

Partially taxable

Partially exempt

**Exemptions as Contained in Second Schedule**

**Clause (110) Any income chargeable under the head “capital gains”, being income from the sale of Mudarba certificates PAGE 81**

**Question No: 339 (Marks: 1) - Please choose one**

---

In an association of person, 25% tax rate is applied where the taxable income exceeds:

**Rs 1,300,000**

Rs 1,000,000

Rs 1,500,000

Rs 1,700,000

<b>14)</b>	Where the taxable income exceeds Rs 1,300,000	25.00%
------------	---	--------

**PAGE 71**

**Question No: 340 (Marks: 1) - Please choose one**

---

Depreciable asset has normal useful life of:

Six months

**One year or more**

Eleven months

None of the given options

**Depreciable asset**

**• Normal useful life of one year or more. PAGE 68**

**Question No: 341 (Marks: 1) - Please choose one**

---

Every person owns immovable property, with a land area of \_\_\_\_\_ or more in municipal limits, cantonment and CDA is required to file return of income tax.

150 Sq. yards  
200 Sq. yards  
**250 Sq. yards**  
350 Sq. yards

**Persons Required to File Returns**

Owns immovable property, with a land area of 250 Sq. yards or more in municipal limits, cantonment and CDA PAGE 98

**Question No: 342 (Marks: 1) - Please choose one**

---

Tax year for the salaried individuals is called as Special Tax Year.

True  
**False**

**PAGE 11**

**Question No: 343 (Marks: 1) - Please choose one**

---

In case of discontinuance of business, what is the time period to file a return?

Within 05days of discontinuance  
**Within 15days of discontinuance**  
Within 25days of discontinuance  
Within 30days of discontinuance

**Sec. 117—Discontinuance of Business:**

Return to be filed within 15days of discontinuance. PAGE 99

**Question No: 344 (Marks: 1) - Please choose one**

---

If capital asset has been held for more than one year, it is exempt from tax up to:

10% of total capital gain  
15% of total capital gain  
**25% of total capital gain**  
30% of total capital gain

If capital asset has been held by a person for more than one year, the gain shall be considered as 3/4th of total capital gain derived on disposal of capital asset. PAGE 79

**Question No: 345 (Marks: 1) - Please choose one**

---

What rate is applied in normal depreciation of plant and machinery?

5%  
10%  
**15%**

25%

**Normal Depreciation@ 15% PAGE 94**

**Question No: 346 (Marks: 1) - Please choose one**

---

Which of the following days shall be counted as half day for the computation of residential status of an individual?

A Public Holiday

A day of sick leave

Any strike

**None of the given options**

**Question No: 347 (Marks: 1) - Please choose one**

---

Any income from a business carried on outside Pakistan through permanent establishment by a resident person 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

**Question No: 348 (Marks: 1) - Please choose one**

---

Which one of the following is excluded from the definition of capital asset?

A postage stamp

Jewelry

**Stock-in-trade**

A painting

**Assets Excluded From the Definition of "Capital Asset"**

**Any stock-in-trade (not being stocks and shares), consumable stores or raw materials held for the purpose of business. PAGE 79**

**Question No: 349 (Marks: 1) - Please choose one**

---

If a cultivator used its agricultural produce as raw material in its business what will be the tax treatment of such agriculture produce?

**Market price of such produce will be deducted as business expenditure**

The expenses of cultivation will be deducted as expense from business

The land revenue rent paid will be deducted as expense from business

All of the given options

**Agricultural Produce is used as raw material [rule 11]**



Where a person who is a cultivator or receiver of agricultural produce as rent-in-kind and who uses agricultural produce raised or received as raw material in a business the market value of the said produce shall be deducted as business expenditure. PAGE 21

**Question No: 350 (Marks: 1) - Please choose one**

---

Bench Mark rate for the tax year 2010 is:

- 8%
- 10%
- 12%**
- 13%

**Tax year 2010:**

**Benchmark rate for the tax year 2010 is 12 %.**

**Question No: 351 (Marks: 1) - Please choose one**

---

Deduction is allowed on expenditure on acquiring a depreciable asset whose useful life is:

- One year
- More than one year**
- Three years
- Five years

**Expenditure on acquiring a depreciable asset or an intangible with useful life of more than one year. PAGE 67**

**Question No: 352 (Marks: 1) - Please choose one**

---

Which one of the following canons of taxation suggests easiness in time of payment and mode of collection of tax?

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

**Convenience**

**The convenience of tax payer as well as tax collector must be the bottom line of any taxation system. The time of payment of tax, mode of collection of tax, should be convenient for the tax payers. PAGE 2**

**Question No: 353 (Marks: 1) - Please choose one**

---

Who is liable to pay tax in a partnership form of business?

- Partners
- Partnership firm**

Partner with large share  
None of the given options

**Question No: 354 (Marks: 1) - Please choose one**

---

Which of the following section of Income Tax Ordinance 2001 deals with perquisites of Income from Salary and its treatment?

Section 11

**Section 12**

Section 13

Section 14

- Salary (Section 12)
- Income from Property (Section 15)
- Income from Business (Section 18)
- Capital Gains (Section 37)
- Income from other Sources (Section 39)

PAGE 17

**Question No: 355 (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

- Salary (Section 12)
- Income from Property (Section 15)
- Income from Business (Section 18)
- Capital Gains (Section 37)
- Income from other Sources (Section 39)

PAGE 17

**Question No: 356 (Marks: 1) - Please choose one**

---

Which one of the following is NOT a depreciable asset?

Tangible movable property

**Unimproved land**

Tangible immovable property

Structural improvement to immovable property

**Depreciable asset** means a tangible movable or immovable property (not unimproved land) or structural improvement to immovable property owned by a person that has:

PAGE 104

**Question No: 357 (Marks: 1) - Please choose one**

---

Which one of the following sections discusses the cash-basis accounting?

Section 32

**Section 33**

Section 34

Section 36

**Types of Accounting Methods**

(i) Cash-Basis accounting-Sec. 33

(ii) Accrual-Basis accounting Sec. 34

PAGE 70

**Question No: 358 (Marks: 1) - Please choose one**

---

General Provident (GP) Fund available in the Government Organization is also called as:

**Statutory Provident Fund**

Recognized Provident

Unrecognized Provident Fund

None of the given options

**Question No: 359 (Marks: 1) - Please choose one**

---

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

$(A \times 0.5\%) B$

$(A \times B) 0.5\%$

$(A + B) 0.5\%$

$(A / 0.5\%) B$

**Question No: 360 (Marks: 1) - Please choose one**

---

Valuation of stock is computes by the formula:

**A+B-C**

A-B-C

A-B+C

A+B+C

**Valuation of Stock:**

Cost of stock-in-trade disposed of (consumed) during the year shall be computed as under.

**A+B-C**

A: Opening stock

B: Stock acquired during the year

C: Closing stock. PAGE 70

**Question No: 361 (Marks: 1) - Please choose one**

---

Formula used in the computation of capital gain is:

A+B

A-B+C

**A-B**

A+B-C

**Computation of Capital Gain**

Capital gain shall be computed in accordance with following formula:

**A-B**

o A is the consideration received by the person on disposal of the capital asset

o B is the cost of the asset. PAGE 79

**Question No: 362 (Marks: 1) - Please choose one**

---

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

**Question No: 363 (Marks: 1) - Please choose one**

---

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

(A+B) x C

(A-B) x C

**(A/B) x C**

(A/B) + C

The amount of tax credit shall be computed according to following formula:

**(A/B) x C (PAGE 41)**

**Question No: 364 (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

### Computation of Capital Gain

Capital gain shall be computed in accordance with following formula:

**A-B**

o **A** is the consideration received by the person on disposal of the capital asset

o **B** is the cost of the asset. PAGE 79

**Question No: 365 (Marks: 1) - Please choose one**

---

Mr. Afzal would like to compute the tax rate apply on the gratuity received the formula to compute the tax rate is.

**A x B/100**

A x100/B

A/B x100

100 x B/A

**Question No: 366 (Marks: 1) - Please choose one**

---

(A / B) x C In the above formula for calculating tax credit under section 61 of the Income tax Ordinance 2001, C represents which of the following?

Amount of Gross tax

**Person's taxable income for the tax year**

Amount of exemption as per Ordinance

Net Income Of the year

is the person's taxable income for the tax year. PAGE 86

**Question No: 367 (Marks: 1) - Please choose one**

---

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

► Section 20

► **Section 19**

► Section 24

► Section 18

### Treatment of Speculation Business (Sec 19):

- To be treated as distinct and separate from other business carried on by the person.
- Expenditures/deductions incurred on account of speculation business shall be apportioned in light of section 67. PAGE 66

**Question No: 368 (Marks: 1) - Please choose one**

---

Deductions not allowed under the head income from business is defined by

Section 20

**Section 21**

Section 25

Section 27

**Deductions not Allowed – Sec. 21 PAGE 67**

**Question No: 369 (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

**Question No: 370 (Marks: 1) - Please choose one**

(A / B) x C From the above formula the value 'A' represents which of the following?

**A is the amount of tax assessed to the person for the tax year before allowance of any tax credit under this part;**

**B is the person's taxable income for the tax year; and**

**C is the lesser of:**

**PAGE 41**

**Question No: 371 (Marks: 1) - Please choose one**

Mr. Qasim received income from business of Rs. 6,107,000. 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. 6,107,000**

► Rs. 100,000

**Gain on sale of residential house is totally exempt for tax**

**[http://www.oregon.gov/DOR/PERTAX/2009\\_piti/credits\\_res\\_home\\_taxed\\_gain.shtml](http://www.oregon.gov/DOR/PERTAX/2009_piti/credits_res_home_taxed_gain.shtml)**

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