

BBA THIRD YEAR FIFTH SEMESTER EXAMINATION, 2019
TAXATION IN BANGLADESH

Subject Code : 3103

Examination Code : 605

Time—3 hours

Full marks—70

[N.B. The figures in the right margin indicate full marks.]

Part A—Short Questions

(Answer any five questions)

Marks—6×5=30

- | | Marks |
|--|-------|
| 1. (a) "Taxes are compulsory payment to government without expectation of direct return in benefit to the tax payer."—Explain. | 3 |
| (b) Define assessment year and explain under what circumstances assessment year can be same as income year. | 3 |
| 2. (a) Define annual value. Explain how it is computed. | 2 |
| (b) Explain the nature of partly agricultural and typical agricultural income with examples. | 4 |
| 3. (a) Define capital gain and explain computation procedure of capital gain. | 2 |
| (b) Explain the tax holiday scheme applicable for export processing zone. | 4 |
| 4. (a) Define income tax. | 2 |
| (b) Discuss the characteristics of good tax system. | 4 |
| 5. (a) Classify the taxes on the basis of structure of tax. | 2 |
| (b) Distinguish between tax and fee. | 4 |
| 6. (a) Define customs area and goods as per customs act. | 2 |
| (b) Discuss the relevant provisions of the customs authorities and their power. | 4 |
| 7. On January 2018, Nazmul & Co. imported raw materials of readymade garments for Tk. 3,50,000 and sold it to Sabiha Fashions for Tk. 4,30,000. Using these materials, Sabiha Fashions made 500 pieces of shirts and sold it to Zihan Fashions House, a wholeseller, for Tk. 1,000 each shirt. Zihan Fashions House sold the shirts to a retail seller, Mayeen Fashions for Tk. 5,50,000. Mayeen Fashions sold all 500 shirts to various customers for Tk. 1,200 each shirt. In each case and each stages 15% VAT is to be considered. Compute VAT in each case. | 6 |

[Please turn over

Part B—Broad Questions
(Answer any four questions including question no. 8.)
Marks—10×4=40

8. Ms. Sufia Kamal is an executive officer of a private company. The following is the income of the income year ended June 30, 2018:

- Income from salary:
- (1) She receives basic salary per month Tk. 40,000 at June 30, 2018.
 - (2) She has been provided a full time car and fully furnished apartment as rent free accommodation.
 - (3) She receives two festival bonuses equivalent to two months basic salary.
 - (4) She contributes 10% of her basic salary to RPF.
 - (5) Medical allowance per month Tk. 10,000.
 - (6) Interest on recognized provident fund at 18% Tk. 18,000.

Income from house property:

- (1) She has a house which consists of four flats. She resides in one flat and three flats are let out at Tk. 20,000 per month per flat for commercial purpose. The municipal value of the house is Tk. 8,00,000. She paid Tk. 4,000 as insurance premium and incurred expenditure towards repair and maintenance Tk. 1,50,000, Tk. 2,000 for night guard and Tk. 8,000 for municipal tax for the whole house.
- (2) The two flats were vacant for one month.

Income from other sources:

- (1) Dividend from public limited company Tk. 36,000.
- (2) Profit from Islamic Bank Tk. 18,000.

During the year Ms. Sufia Kamal incurred the following expenses:

- (1) Life insurance premium Tk. 40,000 (policy value Tk. 3,00,000).
- (2) Donation to Prime Minister's Relief Fund Tk. 25,000.
- (3) Paid to Govt. Zakat Fund Tk. 7,000.
- (4) Purchase a desktop computer Tk. 60,000.
- (5) Purchase furniture Tk. 50,000.

Compute total income and tax liability of Ms. Sufia Kamal.

9. (a) What are the types of securities?
2
- (b) From the given information compute income under the head interest on securities for Mr. Naimul for the income year 2017-2018:
8

 - (i) Interest on 10% tax-exempt government securities Tk. 30,000.
 - (ii) Interest on taxable government securities Tk. 38,000.
 - (iii) Investment on 15% debentures Tk. 1,00,000; and
 - (iv) Income from zero coupon bond Tk. 20,000. The bank has charged Tk. 500 collecting interest on tax-exempt government securities and Tk. 300 for zero coupon bond. The bank has also deducted 5% commission for collecting interest on taxable government securities and debentures. In addition, bank loans were taken to invest for tax-exempt government securities Tk. 1,20,000 @ 5% interest; for taxable government securities Tk. 60,000 @ 6% interest and for debentures Tk. 1,20,000 @ Tk. 5% interest.

10. (a) What expenses are admissible in the computation of agricultural income? Marks 2

(b) Compute taxable income of Mr. Eamrul from the given particulars related to the year ended 30 June, 2018: 8

- (i) Sale of rice 300 maunds @ Tk. 700 per maund.
- (ii) Income from salt production Tk. 20,000.
- (iii) Income from rubber garden Tk. 1,00,000.
- (iv) Income from lease of agricultural land Tk. 80,000.
- (v) Sale of forest tree Tk. 30,000.
- (vi) Income from sale of fish from pond Tk. 40,000.
- (vii) Income from Borgia Tk. 20,000.

He didn't maintain the books of accounts properly. Expenses relating to all these incomes are:

- (i) Production costs Tk. 90,000.
- (ii) Land revenue paid Tk. 10,000.
- (iii) Interest on loan Tk. 4,000.
- (iv) Union Parishad tax Tk. 5,000.
- (v) Purchase of tractor Tk. 80,000 and repair and maintenance cost for tractor Tk. 4,000.
- (vi) Maintenance of a kutchra irrigation plant Tk. 15,000.

11. The Trading and Profit & Loss Account of Mr. Masum for the year ended 31 December, 2017 is: 10

Mr. Masum

Trading and Profit & Loss Account

For the year ended on December 31, 2017

Debit	Taka	Credit	Taka
Opening stock	1,00,000	Sales	15,00,000
Purchase	6,00,000	Closing stock	2,00,000
Wages	56,000		
Depreciation on Machinery	13,000		
Power and Fuel	11,000		
Gross Profit	9,20,000		
	17,00,000		17,00,000
Salaries	75,000	Gross profit	9,20,000
Rent, Rates & Taxes	22,000	Bad debts recovered	27,000
Annual membership fee	50,000	Int. on discount received	26,000
Legal Expenses	12,000	Int. on Debenture	80,000
Underwriting commission	36,000	Dividend on share	60,000
Purchase of Trademarks	1,20,000	Commission	27,000

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Debit	Taka	Credit	Taka	Marks
Bad debts	24,000			
Accounting fees	42,000			
Depreciation—Office building	37,000			
Fines & Penalties	12,000			
Donation to flood relief fund	60,000			
Gratuity to employees	80,000			
Advance Income Tax	28,000			
Loss on sale of office furniture	12,000			
Dowry paid to the daughter	50,000			
Miscellaneous Expense	40,000			
Net profit	4,40,000			
	<u>11,40,000</u>		<u>11,40,000</u>	

Other information :

- (1) Salaries include Tk. 20,000 as salaries paid to the owner.
- (2) Recovered amount of bad debt was previously allowed as bad debt expense.
- (3) Legal expense is incurred for filing and continuing a case against competitor for protecting the interest of the business.
- (4) Fines & Penalties were due to avoidance of tax payment at an earlier period.
- (5) Payment to purchase the trademark is given in cash.
- (6) Miscellaneous expense includes Tk. 25,000 paid to a commission agent of the company who doesn't own a 12 digit TIN.
- (7) Tax depreciation was calculated as : Depreciation on machinery Tk. 25,000 and depreciation of office building Tk. 30,000.

Required : Compute the income from business or profession and total taxable income of Mr. Masum and associates for the year ended December 31, 2017.

12. (a) Define value added tax. Discuss the advantages and disadvantages of VAT. 5
- (b) Explain the various types of duties as per the Customs Act, 1969. 5
13. Write short notes (any four) : 2.5×4=10
 - (a) Profits in lieu of salary
 - (b) Grossing up of interest
 - (c) Unexplained investment
 - (d) Tax impact vs tax incidence
 - (e) Production cost as admissible expenses
 - (f) NBR

BBA FIRST YEAR SECOND SEMESTER EXAMINATION-2018

[According to the New Syllabus]

TAXATION IN BANGLADESH

Subject Code: 510111

Examination Code: 602

Time- 3 hours

Full marks-70

[N.B- The figures in the right margin indicate full marks.]

Part A- Short Questions

(Answer any six questions)

Marks- 5×6 = 30

- | | Marks |
|--|-------|
| 1. (a) Taxes are compulsory payment to government without expectation of direct return in benefit to the tax payer"- Explain. | 2.5 |
| (b) Classify taxes on the basis of impact and incidence. | 2.5 |
| 2. (a) State the rules regarding determination of residential status of an assessee as per section 2(55) of Income Tax Ordinance, 1984 | 2.5 |
| (b) Classify assessee based on the residential status and explain why this classification is important income tax determination. | 2.5 |
| 3. (a) Under what circumstances assessment year can be same as income year? | 2.5 |
| (b) Define income as per section 2(34) of the ITO, 1984 and also identify some important characteristics of income. | 2.5 |
| 4. (a) "Perquisite is a causal emolument or benefit attached to an office or position in addition to salary or wages"- Explain the statement according to ITO, 1984. | 2.5 |
| (b) What is grossing up of interest? In which type of security the concept of grossing up is applicable? Explain. | 2.5 |
| 5. (a) Define set of and carry forward of losses according to the income Tax Ordinance, 1984. | 2.5 |
| (b) "An individual assessee is allowed to get tax rebate on certain investment"- Explain. | 2.5 |
| 6. Explain the various types of duties as per the Customs Act, 1969. | 5 |
| 7. (a) What is meant by casual and non-recurring income? Explain their characteristics with example. | 3 |
| (b) Distinguish between assessable and non-assessable income. | 2 |
| 8. (a) Define VAT according to VAT Act, 1991 with example. | 2 |
| (b) Which goods are prohibited to be brought into Bangladesh under the Customs Act, 1969? | 3 |
| 9. (a) "A tax payer electrically identification number (e-TIN) is only required for the person who has a minimum taxable income". Do you agree? Explain. | 3 |
| (b) "Taxes are compulsory payment to Govt. without expectation of any direct return in benefit to the tax payer"- Explain. | 2 |
| 10. (a) Define annual value. Explain how is it computed. | 3 |
| (b) What is zero coupon bond? | |

Part B- Broad Questions

(Answer any four questions)

Marks- 10×4 = 40

- | | |
|---|---|
| 11. (a) Explain various modes relating to recovery of tax. | 5 |
| (b) "A person who paid more amount as tax than as it actually would be entitled to a refund of any such excess".- Explain. | 5 |
| 12. On July 2016, Ms. Afia's basic salary falls on Tk. 52,000 in the scale of 40,000-4000×8-72,000. Her date of yearly increment is on 16 th April. She received dearness allowance @ 20% of basic salary and medical allowance Tk. 3,000 per month. During the year her actual amount of medical expense was Tk. 30,000. She received two festival bonuses and one performance bonus each equivalent to | |

one month's basic salary in the month of September, December and May respectively. She contributes 10% of her basic salary to a recognized provident fund from which she has also received an interest of Tk. 1,500 @ 15% interest. Her employer also contributes the same amount to the RPF. She has been provided with a rent-free quarter the annual rental value of which is Tk. 1,6000 and a full time car by the employer. The maintenance cost of the car during the year was Tk. 10,000. Company gave her International Air ticket for a tour as a part of her service contract for which the company spent Tk. 35,000. During the year she has also received an entertainment allowance of Tk. 31,850 of which Tk. 27,500 has actually been spent. Her taxable income from other sources was Tk. 3,00,000 during the year.

Required : Compute taxable income for the assessment year 2017-2018.

13. Mr. Masum owns a house at Azimpur. From the following particulars compute his income from house property for the income year 2016-2017.

This is a three storied building (in each floor there are two flats). One of the flats in the first floor (Flat no. 2A) is used as residence by Mr. Masum and the other flat (flat no. 2B) in the same floor is used by his son-in-law who pays nothing for it. All other flats were let out for residential purpose at a monthly rent of Tk. 8,000 each. The municipal value of the house is Tk. 4,80,000. He has also received Tk. 1,00,000 as advance from the tenants which is not adjustable to rents.

Expense of the house for year were :

- (a) Repair expense Tk. 1,20,000
- (b) Rent collection expense Tk. 3,000
- (c) City corporation tax, quarterly Tk. 2,400
- (d) Land revenue paid Tk. 12,000
- (e) Salary of guard, monthly Tk. 500
- (f) Loan repayment to HBFC (including interest Tk. 4,200) Tk. 42,500; and
- (g) Installation of generator Tk. 15,000.

14. From the given particulars of Mr. Saiful, compute taxable income for the income year 2016-2017 :
 Sale of Rice 250 maunds @ Tk. 600 per maund; Sale of Jute 100 maunds @ Tk. 400 per maund; Sale of Rabi Crops Tk. 50,000; Yearly lease of agricultural land Tk. 20,000; Sale of forest timber and bamboo Tk. 6,000; Income from Tea garden Tk. 30,000; Income from Rubber garden Tk. 40,000; Income from Tobacco industry Tk. 30,000; Income from Sugar industry Tk. 50,000; Income from cattle rearing Tk. 3,000; Income from sale of Palm and Date Juice Tk. 6,000 and income from sale of Honey Tk. 5,000. Expenses fro cultivation are as follows :-

Cultivation Expenses	Rice and Rabi Crops	June
Cost of seeds and fertilizer	Tk. 25,000	Tk. 7,000
Labor charge	5,000	2,000
Cost of pump machine hire	3,000	1,000
Repair expense of agri equipments	500	----
Transportation cost	2,000	500

When the income tax authority asked for books of accounts regarding cultivation expenses, Mr. Saiful failed to provide proper record for Jute. Other related expenses for the year were: Union parishad tax Tk. 2,000; Land revenue Tk. 1,000; Corp insurance premium Tk. 2,500; Allowable depreciation Tk. 5,000; and maintenance cost of irrigation plant Tk. 4,000. He had a pump machine which was purchased at Tk. 25,000. It has become obsolete and has been discarded at Tk. 12,000. The written down value after charging depreciation on the basis of prescribed rate at the ITO, 1984 estimated at Tk. 10,000. He has taken agricultural loan of Tk. 50,000 @ 8% interest per annum. Compute total income and Tax liability of Mr. Siam for the assessment year 2017-2018 considering his income for the income year 2016-2017 as:-

University Questions

Income from Salary : On July, 2016, basic salary Tk. 10,200 in the scale of 9,320-440×10-13,720. His date of yearly salary increment is on 1st April. He received Dearness Allowance @ 10% of B.S. and Medical Allowance of Tk. 300 per month. He received two bonuses equivalent to one month's basic salary- one received before date of increment and another after increment. He contributes 10% of his basic salary to unrecognized Provident Fund. He has been provided with a quarter for which 7.5% of B.S. is deducted. He received interest on Provident Fund Tk. 600 at an interest rate of 13%. He has been provided with a car for office and private use.

Income from Securities : 8% tax exempt government securities Tk. 25,000; Interest on taxable government securities Tk. 3,325; and Interest on debenture Tk. 19,000. He paid bank charge Tk. 88 to collect interest from tax exempt government securities.

Income from House Property : He has a house. Half of the house is let out at Tk. 12,000 per month and the other half is used for his residence. The municipal value of the house is Tk. 3,00,000. Expenses of the house for the year were as follows: Land development tax Tk. 1,000; Repair Tk. 38,000; Interest on H.B.F.C. Loan Tk. 45,000; Maintenance for water pump, etc. Tk. 6,000 and Municipal Taxes Tk. 5,400. The house remained vacant for two months during the year.

Agricultural Income : Income from rubber garden Tk. 20,000 and Sale of Agri-products Tk. 4,00,000. Other expenses (excluding production cost) relating to agricultural were Tk. 5,000.

Business Income : Income from sole-tradership business Tk. 40,000; last year loss carried forward Tk. 20,000.

Other Income : Interest on Bank Deposit (Gross) Tk. 10,000; Dividend income Tk. 9,000; Profit from Islami Bank Tk. 9,000. During the year he incurred expenses for. Insurance premium paid (Policy value Tk. 3,00,000) Tk. 20,000; Purchased primary share of a listed company Tk. 20,000; Purchased Law and academic books Tk. 5,000; Donated to Deposit Pension Scheme per month Tk. 1,000; Paid to Government Zakat Fund Tk. 5,000; and Purchase of savings certificate Tk. 20,000.

16. (a) Who is the income tax Authorities?
(b) Briefly discuss the power and functions of NBR.

5
5
2×5=10

17. **Write short notes :-**

- (a) Anti-dumping duty
(b) Progressive Vs. Regressive Tax
(c) Tax avoidance Vs. Tax evasion
(d) Supplementary duties

BBA THIRD YEAR FIFTH SEMESTER EXAMINATION
TAXATION IN BANGLADESH
2017

Subject code: 3103

Examination code: 605

Time:-3 hours

Full marks:-70

[N.B-the figures in the right margin indicate full marks all parts (a,b,c,) of a question must be answered sequentially]

Part A—short questions

Answer five questions

1. (a) Mention the types of tax on the basis of structure of tax rate
(b) What is deemed income? Give five examples by referring the section as per ITO 1984.
2. (a) What is charge of additional tax?
(b) Explain the effect of tax free income and tax credit income determination of total income and tax liability
3. From the given information compute income chargeable under the head interest on securities for Mr. Nasir for the income year 2015-16:
(a) Interest on 10% tax—exempt government securities Tk. 15,000,

(b) Interest on taxable government securities Tk. 9,500

(c) Investment on 12% debentures Tk. 1,00,000

(d) Income from zero coupon bond Tk. 12,000

The bank has charged tk.300 collecting interest on tax exempt government securities and Tk. 200 for zero coupon bond the bank has deducted 5% commission for collecting interest on taxable government securities and debentures. in addition bank loans were taken to invest in; for tax exempt government securities Tk. 1,00,000 @ 5% interest for taxable government securities Tk. 50,000 @ 6% interest and for debentures Tk. 1,20,000 @ 6% interest.

4. (a) what is non- assessable income? Mention these incomes under the head of income from salary

(b) Ms shanta works as a managing director of a private limited company. Her salary pay scale is 50,000-5000x 5- 75,000 in the month of June 2016, she received basic of Tk. 55,000 and her annual salary increment date is on 21st November each year. Her others income Tk. 50,00,000.

Find

I. total income for the year

II. calculate tax liability for the year

5. The following information has been taken from Aziz Ltd. for the year 2016

Raw materials inventory January tk.80000

Raw materials inventory December 31, Tk. 50,000

Work in process inventory January Tk. 1,60,000

Work in process inventory December Tk. 90,000

Finished goods inventory January Tk. 2,40,000

Finished goods inventory December Tk. 1,90,000

Purchased of raw materials Tk. 6,35,000, direct labor Tk. 1,20,000, indirect labor Tk. 1,00,000, manufacturing overhead Tk. 5,30,000, selling expense Tk. 2,00,000 and administrative expenses Tk. 2,60,000. The company sells its product by adding 25% profit on cost.

a) Prepare the schedule of VAT.

b) Determine the amount of VAT if rate is 15%.

6. (a) What is grossing up of interest.

(b) In which type of security the concept of grossing up is applicable?

7.(a) Define agricultural income as per the ilo 1984.

(b) Discuss the admissible expenses of agricultural income.

Part B - Broad Questions

(Answer any four questions including question no.8)

Marks 15×3= 45

8. Calculate Mr. Sagor Hasan's taxable and tax liability for the assessment year 2015-2016: **Income from salary:** Basic salary Tk. 25,000 per month dearness allowance 10% of basic salary, medical allowance Tk. 3,000 per month; two festival bonus each equal to one month basic salary; annual performance bonus equal to three months basic salary; Mr Sagor received free accommodation from his office which has annual rental value of Tk. 1,40,000 and a full time car leave encashment during the year was Tk. 8,000. He and his employer both contribute 10% of basis salary to a recognized provident fund.

Income from house property: Mr Sagor is the owner of a four storied house at Gulshan Dhaka he let out each floor at monthly rent of Tk. 10,000. Annual municipal value of the house is Tk. 3,00,000. Beside all he repair and maintenance expenses, he paid municipal tax of Tk. 9,000; insurance premium Tk. 15,000; interest on mortgage loan Tk. 4,000 for the house. The ground floor remains vacant for one month during the year.

Part B - Broad Questions

(Answer any four questions including question no.8)

Marks 15×3= 45

8. Calculate Mr. Sagor Hasan's taxable and tax liability for the assessment year 2015-2016: **Income from salary:** Basic salary Tk. 25,000 per month dearness allowance 10% of basic salary, medical allowance Tk. 3,000 per month; two festival bonus each equal to one month basic salary; annual performance bonus equal to three months basic salary; Mr Sagor received free accommodation from his office which has annual rental value of Tk. 1,40,000 and a full time car leave encashment during the year was Tk. 8,000. He and his employer both contribute 10% of basic salary to a recognized provident fund.

Income from house property: Mr Sagor is the owner of a four storied house at Gulshan Dhaka he let out each floor at monthly rent of Tk. 10,000. Annual municipal value of the house is Tk. 3,00,000. Beside the repair and maintenance expenses, he paid municipal tax of Tk. 9,000; insurance premium Tk. 15,000; interest on mortgage loan Tk. 4,000 for the house. The ground floor remains vacant for one month during the year.

Income from other sources: Dividend received Tk. 54,000 from a public limited company. Income from bank show Tk. 10,000; interest received from bank saving account Tk. 2,700. During the year Mr. Sagor incurred expenses for. He paid Tk. 50,000 (policy value Tk. 4,00,000) and Tk. 35,000 as insurance premium for this own and his spouse. He purchased share from secondary market Tk. 7,200. He also purchased medical books for Tk. 15,000 during the year .he donated Tk. 30000 to Prime Minister Relief Fund Tk. 45,000 to Aga khan development foundation

2. (a) what is meant by partnership firm ? Determine the scope of incomes from this head.
 (b) A, B and C are partnership in a firm sharing profit and loss in the ratio of 2:2:1 the firm showed income of Tk. 2,00,000 as at 30-06-2016. Examination of the firm received the following facts.
- I. A, B, C were paid salary at Tk. 36,000 Tk. 45,000 and Tk. 48,000 respectively
 - II. A and C were paid interest at Tk. 40,000 and 50,000 respectively for the money borrowed from them.
 - III. commission on sale of goods paid to partner b tk.30000
 - IV. Factory rent Tk. 1,50,000 paid to partner A.
 - V. Office rent Tk. 60,000 paid to partner B.
 - VI. Penalty Tk. 55,000 paid for violation of customers law.
 - VII. donation made to age khan foundation tk 50000; advance tax paid tk.35000
 - VIII. partners drawing were : A Tk. 50,000, B Tk. 45,000, C Tk. 40,000

Required: Compute total income of the firm and total income of each partner.

10. (a) Define agricultural income . Write down the name of partly agricultural income.
 (b) Compute total income and tax liability of Mr. khan from for the income year ended on 30th June 2016 considering his income from the following sources sale of paddy 1000 maund @ sale of July 600 maunds @ Tk. 400 per maunds sale of robi crops Tk. 2,60,000; income from lease of agricultural land Tk. 1,20,000; income from fisheries Tk. 1,30,000; income form mushroom farming Tk. 1,13,000; income from sale of tea Tk. 2,10,000 and income from dairy farming Tk. 1,10,000 he didn't maintain the book of accounts properly but claimed expenses from production costs Tk. 2,00,000 land revenue paid Tk. 8,000 interest on loan Tk. 2,500 union parisad tax Tk. 4,000; purchase of tractor Tk. 70,000; and maintenance of the irrigation plant Tk. 12,000; in addition to it during the year Mr. khan also incurred investment and expenses which includes family expenses Tk. 50,000; life insurance premium (policy value Tk. 2,00,000) Tk. 25,000; purchases of cow for dairy firm Tk. 1,25,000; donation to prime minister's higher education fund Tk. 35,000 and purchase claim tax refund.

11. (a) What do you mean by refund of tax? Under what circumstances can an assessed claim tax refund?
 (b) Who is liable to pay advance tax?
 (c) Explain the effect of vat on the overall economic development of Bangladesh.
 (d) Define customs port coastal goods and special bonded warehouse.
12. (a) Explain the various types of customs duties
 (b) Explain section 28; income from business and profession and section 29; tax deductible expenses.
 (c) Explain duty paid value under the vat act 1991.

BBA THIRD YEAR FIFTH SEMESTER EXAMINATION 2016
TAXATION IN BANGLADESH

Subject code: 3103

Examination code: 605

Time:-3 hours

Full marks:-70

5. [N.B-the figures in the right margin indicate full marks all parts (a,b,c,) of a question must be answered sequentially]

Part A—short questions
 (Answer five questions)

1. (a) Define tax according to income tax ordinance ,1984
 (b) Briefly explain Adam Smith canons of taxation.
2. (a) Classify –taxes on the basis of impact and incidence of tax.
 (b) What are the elements of salary?
3. (a) Define VAT according to VAT Act 1991 with example.
 (b) What are the goods prohibited to be brought into Bangladesh under the customs act 1969.
4. (a) What are the expenses admissible the computation of agricultural income?
 (b) Distinguish between direct tax and indirect tax.
5. (a) What do you mean by set off and carry forward of losses for agricultural income.
 (b) Describe about depreciation allowance of agricultural assets.
6. (a) What is the impact of cum interest and ex- interest transactions on tax
 (b) Discuss the rules to determine gross interest of various kinds of securities
7. X production company gives you are following production and sales information for the year ended cember 31, 2015:

Particulars	Taka
Opening stock:	
Raw material	3,50,000
Finished good	2,50,000
Closing stock:	
Materials	2,00,000
Finished good	3,00,000
Materials purchased during the year	2,00,00,000
Factory expenses	20,00,000
Direct wages	30,00,000
Selling expenses	1,00,000
Ring and distribution expenses	25,00,000
Cost of machine	1,00,00,000

Depreciation on machinery 10% on cost
 Sales are made at a profit of 25 % on cost

Instructions:
 (a) Prepare a schedule of VAT
 (b) Calculate VAT if it is charged at 15%.

Part B - Broad Questions

(Answer any four questions including question no.8)
 Marks 15×3= 45

Mr. Hasan Imam works as an executive in a company. He has the following sources of income for the year 2014-2015.

- a) **Income from salary:** Basic salary Tk. 30,000 per month. Dearness allowance 20% of basic salary; two festival bonuses each equivalent to one month basic salary; medical allowance Tk. 2,000 per month, conveyance allowance Tk. 4,000 per month. He has provided with a car both for official and personal use. He has also been provided with a furnished house for which he pays 20% of his basic salary, its annual rental value is Tk. 80,000. He contributes 10% of his basic salary to a recognized provident fund & its employer also contributes the same amount during the year his interest on the said provident fund @ 15% was Tk. 1,500.
- b) **Income from house property:** He owns two houses in Dhaka. He uses one of the houses as his residence and another one has been let out for commercial purpose at a rate of Tk. 15,000 per month. The municipal values of both the house are Tk. 1,40,000 per annum respectively. During the year, he has spent Tk. 20,000 for the house he uses as residence and the expenses for the let out house includes repairs Tk. 8,000, legal charges Tk. 5,000, and Municipal tax Tk. 1,000, land revenue Tk. 1,000.
- c) **Agricultural income:** Sales of crops Tk. 25,000; income from tea garden Tk. 20,000; and income from rubber garden Tk. 14,000.
- d) **Income from other sources:**

	Taka
Dividend from mutual fund	30,000
Dividend from a limited company	25,000
Interest from bank deposit	3,000
Prize of lottery	40,000
- e) **Investment claimed by Mr. Hasan Imam:** payment of his own life insurance premium Tk. 12,000 (policy value Tk. 1,00,000); payment of his wife 's life insurance premium Tk. 8,000 (policy value Tk. 1,00,000); purchase of an unlisted company's share Tk. 5,000 purchase of books and magazines Tk. 1,000 purchase of a share of cooperative society Tk. 2,000 contribution to one of his poor relative as Zakat Tk. 3,000 purchase of his five year national saving certificate Tk. 30,000 investment in primary share of a listed company Tk. 20,000 and donated to prime Minister relief fund Tk. 1,00,000.

Compute the taxable income investment allowance and tax liability of Mr. Hasan for the relevant assessment year.

- 9. (a) Explain the basis of taxation on income from house property.
- (b) Show the differences between annual value and municipal value.
- (c) Mr. Zahirul has a residence at comilla. He has a four storied house. He rented out it to a advertising firm named progga advertisement company for monthly rent of Tk. 60,000. Municipal value of this house is Tk. 6,00,000. The house related expenses were as follows: repairs and maintenance Tk. 80,000; collection charge Tk. 25,000 municipal tax Tk. 15,000 WASA charge Tk. 10,000; Interest on HBFC loan Tk. 10,000. One flat of this house was vacant for two months. He submitted his income tax return with wealth statement by claiming less repairing and maintenance expenses than admissible expense

- 10. (a) What do you mean by profession?
- (b) What are the not admissible expenses of income from business or profession

(c) The profit and loss account of dolphin ltd for the year june 30,2015 is given below

Details	Debit (Taka)	Details	Credit (Taka)
Salaries	1,50,000	Gross profit	3,00,000
Offices rent	80,000	Interest on tax free	

T. M. Hossain, Dhaka

General expenses	70,000	Govt securities	90,000
Donation	10,000	Share premium	70,000
Penalty expenses	5,000	Interest on tax less	
Bad expense	4,000	Govt. securities	30,000
Advertising expenses	21,000	Dividend	10,000
Audit fee	12,000	Discount received	3,000
Insurance premium	5,000	Gain on sale of furniture	
Depreciation	35,000	Others revenue	40,000
Net profit	<u>1,58,000</u>	<u>Total</u>	<u>7,000</u>
	5,50,000		5,50,000

Others information:

- The advertisement expense is paid for four years period.
- Salary includes contribution to recognized provident fund Tk. 25,000.
- General expenses include preliminary expense of Tk. 20,000.
- According to the ITO admissible depreciation is Tk. 12,000.

Required: calculate the total income and tax liability of Dolphin Ltd

- (a) Who is the income tax authorities.
(b) Briefly discuss the power and functions of NBR.
(c) What is tax return? Who should file the tax return?
- Write short notes (any five)
 - Anti dumping duty
 - TDS
 - Progressive Tax vs. Regressive Tax
 - Double check method
 - Tax avoidance vs. Tax evasion
 - Supplement duties
 - Bond washing transaction

**BBA THIRD YEAR FIFTH SEMESTER EXAMINATION 2015
TAXATION IN BANGLADESH**

Subject code: 3103

Examination code: 605

Time -3 hours

Full marks -70

[N.B- The figures in the right margin indicate full marks all parts (a,b,c,) of a question must be answered sequentially]

Part A - short questions
(Answer five questions)

- | | |
|---|-------|
| 1. (a) Define income year and assessment year
(b) A tax payer identification number (tin) is only required for the person who has a minimum taxable income "do you agree? Explain. | Marks |
| 2. (a) Describe the power and functions of deputy commissioner of taxes.
(b) What is tax credit income? | |
| 3. (a) what is the basis of taxation in respect of house property ? How is annual value of house property determined?
(b) What are the allowable deductions under the head "House property and agricultural income"? | |
| 4. (a) Explain the effect of different types of provided fund in the assessment of income tax.
(b) What are the admissible expenses under the head "interest on security". | |
| 5. (a) Define vat according to the VAT Act ,1991 with example.
(b) What expenses are admissible in the computation of agricultural income? | |

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Part A - short questions
(Answer five questions)

Marks

1. (a) Define income year and assessment year
(b) A tax payer identification number (tin) is only required for the person who has a minimum taxable income "do you agree? Explain.
2. (a) Describe the power and functions of deputy commissioner of taxes.
(b) What is tax credit income?
3. (a) what is the basis of taxation in respect of house property ? How is annual value of house property determined?
(b) What are the allowable deductions under the head "House property and agricultural income"?
4. (a) Explain the effect of different types of provided fund in the assessment of income tax.
(b) What are the admissible expenses under the head "interest on security".
5. (a) Define vat according to the VAT Act ,1991 with example.
(b) What expenses are admissible in the computation of agricultural income?

6. Explain in brief the role of income tax in the economic development of Bangladesh.

7. On January, 2014 PRETAX Limited imported raw materials of ready made garments for Tk. 2,00,000 and sold it to KNZ fashions for Tk. 2,50,000. Using these materials KNZ fashion mode 250 picas of shirts and sold it to KNZ fashion house a wholesaler for Tk. 3,50,000 KNZ fashion house sold the shirts to a retail seller. Fantasy for Tk.4,50,000. Fantasy sold all the shirts to various customers for Tk. 5,50,000 in each case and stage 15% vat is to be considered . Compute vat in each case.

Part B - Broad Questions

(Answer any four questions including question no.8)

Marks 15×3= 45

8. Mr Rahman khan is an executive (officer of a private company the following is the income of the income year 2014-2015 :-

Income from salary:

- 1) He receives basic salary per month Tk. 55,000 at June 30, 2015
- 2) House rent allowance Tk. 20,000 per month.
- 3) Festival bonus 2 month basic salary.
- 4) He receives a car for office and personal use.
- 5) Medical allowance per month Tk. 8,000
- 6) Interest on recognized fund at 15% Tk. 15,000

Income from house property:

- 1) 8% tax free commercial and govt. securities the value of which are Tk. 50,000 and respectively.
- 2) Interest on less tax govt. securities Tk. 6,000 respectively. He paid bank interest Tk. 800 for loan to purchase securities.

Income from house property:

- 1) Mr Rahman khan has a house which is partially occupied by his family and other portion has been let out for the office of the company since July 1, 2014
- 2) The house consists per tour its d. he resides in one flat and three flats are let out at Tk. 25,000 per month flat. The municipal value of the house is Tk. 10,00,000. He paid tk.4000 as fire insurance premium and incurred expenditure toward repairs Tk. 15,000 and Tk. 20,000 for alterations for the house. he also paid the municipal tax of Tk. 8,000 for the whole hoarse
- 3) The two flats were vacant for one month which lie informed the concerned tax office duly.

Income from other sources;

- 1) Dividend from public limited company listed with stock exchange Tk. 5,000 per month
- 2) Prize from prize bond Tk. 4,000
- 3) Income from underwriting a commission Tk. 35,000

During the year Mr Rahman khan incurred the following expenses;

- 1) Donated to prime minister's relief fund Tk. 25,000
- 2) Paid to Zakat fund Tk. 6,000
- 3) Purchase of share Tk. 50,000
- 4) Life insurance premium Tk. 30,000 (policy value Tk. 2,50,000)
- 5) Deposit pension scheme Tk. 10,000.

Compute total income and tax liability of Mr Rahman khan

9. (a) show the differences between tax free and less tax government securities

(b) Mr. A Mr. B and Mr. C are the dice equal partners of ABC and Associates. The profit and loss account for the year ended on June 30, 2015 is given below:

ABC and Associate's
Profit and loss account
For the year ended on June 30, 2015

	Taka		Taka
Rent	36,000	Gross profit	4,00,000
Utilities	22,000		
Commission	54,000		
Advertisement	12,000		
Interest on capital;			
A -8000			
B -7000			
<u>C-5000</u>	20,000		
Salaries;			
A -26000			
<u>B -24000</u>	50,000		
Net profit	<u>2,06,000</u>		
	4,00,000		4,00,000

Other information: Rent include Tk. 12,000 paid to Mr. A who partially owns the business premises Tk. 15,000 of commission is given to Mr. C and partners have it come from different sources as follows

		Mr. A Taka	Mr. B Taka	Mr. C Taka
Income from house property	70,000			50,000
Income from interest on securities		40,000	80,000	
Agricultural income				40,000
Income from other sources (dividend)	20,000	24,000		26,000

Required:

- (i) Compute taxable income and tax liability of the firm.
 - (ii) Compute taxable income and tax liability of the partners.
10. (a) what are the prohibited goods is per the customs act 1969?
 (b) What are the characteristics of goods tax system?
 (c) Compute taxable income of Mr. Ahmed from the given particulars related to the year ended 30th June 2015:
- Sale of rice 180 mounds @ Tk. 650 per mound income from lease of agricultural land Tk. 25000; income from salt production Tk. 20,000; income from sale forest tree Tk. 30,000 and income from sale of fish pond Tk. 25,000. Expenses relating to all these incomes are production costs Tk. 65,000; Land revenue paid Tk. 7,400; Interest on loan Tk. 2,250; Union praised tax Tk. 3,500; Purchase of tractor Tk. 90,000; Development of irrigation plant Tk. 10,000 and Donation Co-operative society Tk. 5,000.
11. (a) What are the current tax structure in Bangladesh?
 (b) What is your suggestion about the modification of this tax structure in order to make it more desirable?
 (c) Explain the rules to determining the residential status of an individual.
12. Write short notes on the following:
- (a) Set off and carry forward of loss;
 - (b) Tax refund;
 - (c) Anti dumping duty;
 - (d) NBR;
 - (e) Bond washing.