

International Islamic University Chittagong

Department of Law

Final Examination, Autumn-2018

Program: LL.B. (Hons.), Semester: 5th

Course Title: Fiscal Laws of Bangladesh

Course Code: Law- 3509

Time: 2.5 Hours

Marks: 50

Answer any five (5) questions of the following. Figures in the right indicate marks. Start answering each question from fresh sheet.

1. a) "A tax on the amount by which the value of an article has been increased at each stage of its production." Explain. 2
b) Evaluate the characteristics of Vat in Bangladesh. What are the advantages and disadvantages of Vat? 8
2. a) Who is required to file a return under the Income Tax Ordinance, 1984? 4
b) Draw distinctions between Tax evasion and Tax avoidance? 6
3. **Mr. Rohan** is doctor of private hospital. Following are the particulars of his income, investment and expenditure for the year ended on 30th June 2018. Compute income from salary, tax credit investment and tax payable under the following situation. 10
 - i. Basic salary Tk. 75000 per month.
 - ii. House Rent Tk. 130000 per month.
 - iii. Medical expenses Tk.15000 per month.
 - iv. He contributes Tk.6000 P.M. to a recognised provident fund and his employer also contributes the same amount.
 - v. Conveyance allowance Tk.35000
 - vi. Two bonus equivalent to one month's basic salary each.

He has invested Tk.3, 00,000 in the Share Business and paid Tk.10, 000 as life insurance premium on the life of his minor child. He purchased a Laptop Tk.110000 and donated Tk. 500 to the Muktijudha Jadugar. He has a DPS in Exim Bank Bangladesh Ltd. monthly instalment is Tk.6000.

4. **Mr. M.Rahman** owns a house at Chawkbazar, Dhaka. He is a gazette war wounded freedom fighter of Bangladesh. The house has nine flats and one flat is occupied by the owner himself. The other flats are let out for taka 24,000 each per month. The city corporation for tax purpose valued its annual value at Tk. 4, 50,000. He spends the following amount in the year ended on 30th June 2018.

| Particulars | Tk. |
|----------------------------|--------|
| White wash and repair | 4000 |
| Municipal tax | 9000 |
| Fire Insurance premium | 18000 |
| Water and sewerage charge | 6300 |
| Salary of Gardener | 2500 |
| Installation of Generator | 45000 |
| Interest on borrowed money | 2500 |
| Cost of alteration | 12000 |
| Ground rent | 2500 |
| Salary of guard | 2500 |
| Interest on loan | 4500 |
| Installation of A.C. | 150000 |

Two flats of this house were vacant for three months. He bears the water and gas bill of the tenant which amount Tk.4500 for the year. Compute taxable income and tax of Mr. M.Rahman for the House.

5. **Mrs. Rebeke** is a handicapped Farmer. She had the Following income for the year ended on 30-06-2018:
- i. Sale of rice 350 maunds Tk. 360 per maund
 - ii. Sale of jute 350 maunds Tk.475 per maund
 - iii. Sale of Robi crops Tk.1120000
 - iv. Sale of forest timber Tk.30000
 - v. Income from Tobacco and factory Tk.80000
 - vi. Income from cattle rearing Tk.60000

Expenses of cultivation are as follows.

- i. Cost of seeds and fertilizer Tk.5000
- ii. Labour charge of Tk.25000
- iii. Cost of pump machine hire of Tk. 33000

When the income tax authority asked for books of accounts regarding cultivation expenditures, she failed to provide records for robi crops. She had a pump machine which was purchased at Tk.35000. It has become obsolete and she sold the machine for Tk. 25000. The written down value after charging depreciation at I.T.O prescribed rate is estimated at Tk.20000. In addition to it, during the year Mrs.Rebeka also incurred different investments and expenses, which includes:-

- i. Paid life insurance premium of Tk. 15000
- ii. Donation to Government Zakat fund Tk.12000
- iii. Donation to Local School Tk.130000

Compute Agricultural income, taxable income, tax credit investments and expenses and tax to be paid by Mrs. Rebeka.

6. **Mr. Rafique** is a government employee. Following are the particulars of his income, investment and expenditure for the year ended on 30th June 2018. Compute income from salary, tax credit income and tax payable under the following situation. **10**

- i. Basic salary Tk. 45000 per month.
- ii. House Rent Tk. 114200 per month.
- iii. Medical expenses Tk.15000 per month.
- iv. Entertainment allowance Tk. 3000
- v. Two bonus equivalent to one month's basic salary each.
- vi. Income from house property Tk.560000
- vii. Income from lease of agricultural land Tk.100000
- viii. He received profit on ICB Unit certificate Tk.135000

He contributes Tk.6000 per month to a recognised provident fund. He received interest on recognised provident fund Tk.25000. He has a DPS in Islami Bank Bangladesh Ltd monthly instalment is Tk.8000. He has invested Tk. 50,000 in Share business.

7. Following the income statement of Mrs. Tabassum for the year ended on 30-06-2018. Compute Business income, taxable income and tax liability of Mrs. Tabassum. 10

| Particulars | Tk. | Particulars | Tk. |
|---------------------------|---------|--------------------------|---------|
| Salaries | 58000 | Gross profit | 1160000 |
| Rent of premises | 10000 | Interest on securities | 25000 |
| Office expenses | 41000 | Interest on bank deposit | 15000 |
| Bad debt provision | 15000 | | |
| Fund Embezzlement | 56000 | | |
| Fire Insurance | 15000 | | |
| Depreciation | 6000 | | |
| Free sample distribution | 20000 | | |
| Legal expenses | 15000 | | |
| Commission | 25000 | | |
| Royalty | 100000 | | |
| Bonus | 100000 | | |
| Donation | 9000 | | |
| Gift to Daughter –in- Law | 5000 | | |
| Net profit | 725000 | | |
| | 1200000 | | 1200000 |

- i. Fund Embezzlement occurred after office hour.
- ii. Legal expenses include Tk. 2000 relevant to violation of traffic rule and Tk.13000 for protecting trade mark.
- iii. Depreciation as per Income tax rule allowed Tk. 4500
- iv. Salary include tk. 52000 paid to the proprietor as her remuneration for service.
- v. Commission received and paid 5000 and 3500 has not been recorded.