

# International Islamic University Chittagong (IIUC)

Department of Economics & Banking

Mid-Term Examination: SPRING - 2022

Program: BSS (Honours)

Course Code: ACC-3502

Course Title: Taxation and Zakat

Time: 1.30 Hours

Full Marks: 30

*Answer any THREE questions. All parts of a question must be answered sequentially. Figures in the right margin indicate full marks.*

1. (a) Mrs. Sumaya Islam, an Indian citizen, joined in a job, visa immigration service in September 2021. Her income from the job is Tk. 8,00,000. She also received from India Tk. 3,00,000. Compute her net tax for the income year 2021-2022 if her investment allowance, net wealth and TDS are Tk. 1,20,000, Tk. 12 crore and Tk. 12,000 respectively. 04
- (b) How can taxation reduce the inequality in income and wealth? Which canon of taxation does support your answer? Justify. 03
- (c) As a student of an economics background, you know that tax policy may be used to handle critical economic situations like depression and inflation, how? 03
2. (a) Briefly describe- what would be the assessment procedure in case of discontinued business? Do you find any exceptions in this assessment procedure? If yes, justify your answer. 03
- (b) "Income tax varies according to the residential status of an assessee"- justify your answer. 04
- (c) How would you find out the residential status of Islami Bank Bangladesh Limited, IIUC, and Mr. Abdur Rahim? 03
3. (a) Differentiate between tax credit income and tax-free income. Also determine their impact on income tax. 03
- (b) Is tax-free income free from tax? Justify your answer. 03
- (c) Many people of Bangladesh would not like to pay taxes. What are the possible causes for not complying with tax regulations? Do you think complex and length tax payment cycle is one of the causes? Show your arguments. 04
4. Mr. Habibullah is serving as a senior officer of the EXIM bank Ltd. He received a basic salary of Tk. 65,000 in July 2021, following the salary structure of 60,000-5000×8- 1,00,000. The date of the annual increment is November 30. Besides the basic salary he received, medical allowance Tk. 5,500 per month; Conveyance allowance Tk. 5,500 per month; Entertainment allowance Tk. 5500. Moreover, he has been provided with a car for personal use. He received two festival bonuses- one bonus before increment and another after increment; each bonus is equivalent to each month's basic pay. In addition, he also received a performance bonus of Tk. 30,000. He contributed 10% of the basic salary to the Recognized Provident Fund (RPF) like his employer. He also receives an interest in the RPF of Tk. 1700 @ 17%. He has also been provided free furnished accommodation for which Tk. 2,500 has been charged per month. In addition, he has also been given a traveling allowance of Tk. 40,000 during the year 10

for a family tour, of which his actual expense was Tk. 25,000. His income from the partnership business is Tk. 50,000.

During the year he incurred and made the following expenses and investments:

Life insurance premium paid- Own (policy value Tk. 5,55,000) Tk. 60,000 and spouse (policy value Tk. 3,00,000) Tk. 25,000; Purchase of shares: Initial public offerings Tk. 40,000; Unlisted company Tk. 30,000; Listed company Tk. 22,000; Donated to Prime Minister's Relief Fund Tk. 15,000; Religious institution Tk. 10,000; Zakat fund Tk. 30,000. Dhanmondi Sports Club Tk. 8,000; Deposited to Pension Scheme per month Tk. 6,000; Purchase of books Tk. 12,000; Purchase of lands Tk. 80,000 and Purchase of motor vehicles Tk. 2,50,000. Investment to government saving certificate Tk. 30,000; Booking for flat of Tk. 40,000; Donation to Asiatic Diabetes Somity Tk. 15,000. However, his net wealth amounts to Tk. 24 crore.

Calculate taxable income and net tax liability of Mr. Abdullah Al Maruf for the assessment year 2021-2022, if his total tax deducted at source of Tk. 20,000.