

**International Islamic University Chittagong (IIUC)**

**Department of Economics & Banking**

**Mid-Term Examination: Spring - 2024**

**Program: BSS (Honours) in EB**

Course Code: ACC-3502

Course Title: Taxation and Zakat

Time: 1 Hour and 30 Minutes

Full Marks: 30

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

1	(a)	“One of the objectives of taxation is to reduce inequality between poor and rich.” How can tax play a crucial role in reducing inequality? Which canon of taxation supports the statement? Explain.	04	PLO 4 & CLO 1	Analyze (C4)
	(b)	Differentiate between direct tax and indirect tax.	03		Analyze (C4)
	(c)	As an economics student, you know that taxation policy may be used to handle critical economic situations like depression and inflation, how?	03		Analyze (C4)
2	(a)	Justify your answer with an example of the following two cases: a. Residential status may differ from year to year. b. Residential status will not depend on the citizenship of the assesses.	04	PLO 1 & CLO 1	Evaluate(C3)
	(b)	“Income tax varies according to the residential status of an assesses”- justify your answer.	03		Evaluate(C5)
	(c)	Mr. Maruf left Bangladesh on 20 <sup>th</sup> August, 2020 for employment on a work permit valid for two years, i.e. from 1 <sup>st</sup> August to 31 <sup>st</sup> July, 2022. Mr. Maruf did not come to Bangladesh at any time during the year 2020 and 2021. He finally came to Bangladesh on 10 <sup>th</sup> July 2022 and did not go back. Determine his residential status for the income year 2022-2023.	03		Analyze (C4)
3	<p>Mr. Abdur Rahman is serving as an Assistant Professor at IIUC. He received a basic salary of Tk. 65,000 in July 2022, following the salary structure of 50,000-5000×10-1,00,000. The date of the annual increment is March 1. Besides the basic salary he received, a medical allowance of Tk. 6,500 per month; entertainment allowance Tk. 5000. Moreover, he has been provided with a car for personal use. He received two festival bonuses- one bonus before the increment and another after the increment; each bonus is equivalent to each month's basic pay. He contributed 10% of the basic salary to the Recognized Provident Fund (RPF) like his employer. He has also been provided free furnished accommodation for which Tk. 2,500 has been charged per month.</p> <p>During the year he incurred and made the following expenses and investments: Life insurance premium paid- (policy value Tk. 6,00,000) Tk. 60,000; Purchase of shares: Initial public offerings Tk. 40,000; Donated to Prime Minister's Relief Fund Tk. 15,000; Zakat fund Tk. 30,000. Deposited to Pension Scheme per month Tk. 6,000; 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 a flat of Tk. 40,000; Donation to Asiatic Diabetes Somity Tk. 15,000.</p> <p>However, his net wealth amounts to Tk. 20 crore. Calculate the taxable income and net tax liability of Mr. Abdur Rahman for the income year 2022-2023, if his total tax is deducted at the source of Tk. 20,000.</p>		10	PLO 1 & CLO 1	Analyze (C4)