

International Islamic University Chittagong

Department of Business Administration

Program: BBA

Final Examination, Autumn – 2018

Course Code: ACC-3604, Course Title: Principles of Taxation and Zakat

Time: 2:30 hours

Marks: 50

(Answer any four questions including question No. 6. The figures in the right margin indicate allocated marks. All parts of each question must be answered serially.)

1. a. What is Annual Value of house property? 2
b. What are the allowable expenditures under the head "Income from House Property"? 6
c. Mention the house properties that are exempted from income tax. 2
2. a. Define agricultural income. 2
b. How would you compute the income from the following sources? 4
i. Income from Tea-Garden.
ii. Income from Sugar Mill.
iii. Income from Rubber Plantation.
iv. Income from Tobacco Industry.
c. State the characteristics of agricultural income. 3
d. Give four examples of typical agricultural income. 1
3. a. What is VAT? 1
b. Discuss the advantages and limitations of VAT. 5
c. State the process of VAT assessment. 2
d. Name the administrative authorities of VAT. 2
4. a. What do you mean by Zakat? 1
b. Distinguish between Zakat and Tax. 3
c. Discuss the role of Zakat. 4
d. Who are eligible to receive Zakat? 2
5. An importer imported 100 pieces of motor cycle at CIF price Tk. 70,000 per piece. 10
The clearing and incidental charges amounted to Tk. 80,000 for the lot. He sold 90 pieces cycle to whole seller at a margin of 10% exclusive of VAT which is 15% on the value of sale price. The whole seller charged 5% commission to sell it to retail seller to be sold from their sale centre. The retailer incurs cost @ Tk. 1,000 for maintenance and salary of persons of sale centre and charge cost plus 10% margin. Compute VAT assuming that retailers sold 70 pieces of cycle in the month of June 2018.
6. The sources of income of Mr. Kamal for the year ended June 30, 2018 were as follows: 20
 - A. Income from Salary:
 1. Monthly salary Tk. 40,000. He joined the job on 1st August, 2017.
 2. Dearness allowance @ 20%.
 3. Yearly festival bonus two months basic salary.
 4. Employer provided a free furnished house to Kamal, the annual value of which is Tk. 90,000.
 5. Recreation allowance received Tk.35,000.

- B. Income from interest from Securities:
1. 8% commercial securities Tk.3,00,000 (gross).
 2. 6% tax free Govt. Securities Tk.40,000.
 3. Interest on commercial debenture Tk.30,000 net, tax deducted @5% and interest on Taxable Govt. Securities Tk. 10,000 (gross).
- C. Income from House Property:
1. Rented value of the 1st building Tk.3,00,000 and its Municipal value Tk. 3,20,000, 2nd building is used by assessee as residence and its Municipal value is Tk. 2,00,000.
 2. Expenditure claimed for the houses are: 1st building repair Tk. 35,000 and municipal tax Tk. 7,000. For 2nd building Municipal tax Tk. 5,000.
- D. Income from Other Heads of Income:
1. Income from Tea Garden Tk. 60,000.
 2. Income from ferry ghat Tk.24,000.
 3. Income from vacant agricultural land Tk.20,000 and interest on fixed account with Janata Bank Tk. 36,000 net, tax @ 10% deducted at source.
 4. Honorarium from examination Tk. 35,000.
 5. Marriage anniversary gift Tk. 25,000.

During the year Mr. Kamal claims investment allowance for the following:

- a. Purchase of Defence Saving Certificate and Postal Saving Certificate Tk. 80,000 and Tk. 25,000 respectively.
- b. Life insurance premium Tk. 30,000.
- c. Contribution to Benevolent Fund and Group Insurance Tk. 15,000 and Tk. 5,000 respectively.
- d. Donation to Govt. Zakat Fund Tk. 50,000.
- e. Gift to wife Tk. 20,000 and Tk. 10,000 to philanthropic organization.

Find out total income and tax liability of Mr. Kamal. His total asset as per wealth statement is Tk. Five crore and fifty lakh.