

**THE SOCIETY OF ACCOUNTING EDUCATION**  
**CERTIFIED FINANCIAL & MANAGEMENT ACCOUNTANT MEMBERSHIP**  
**PROGRAM**

**Model Paper for Course : Business Taxation**

**Course Code: CL-03**

**Level: Certification Level**

**Solutions**

**Solution of MCOs.....**

**Option A. Income of the current tax year**

**Option D. All of the given options**

**Option C. Both Pakistan and foreign source of income**

**Option A. Compulsory contribution of wealth by persons**

**Option A. Cash basis accounting system**

**Option A. 10%**

**Option D. All of the given options**

**Option D. Regional Commissioner of Income tax**

**Option A. On prescribed form**

**Option A. Resident Individual**

**Option B. Rs. 267,600**

**Option B. Rs. 4,700**

**Option C. Provident Funds Act 1925**

**Option B. Rs. 1,87500**

**Option C. Rs. 732,000**

**Option C. Rs. 6,107,000**

**Option C. Rs.10, 000**

**Option C. The person has become bankrupt**

**Option D. Income from land situated in Pakistan used for agriculture**

**Option D. All of the given options**

**Option B. One year or more**

**Option C. 250 Sq. yards**

**Option A. Income Tax**

**Option B. Within 15days of discontinuance**

**Option C. A-B**

**Option D. None of the given options**

**Option A. Commissioner**

**Option B. 10 years**

**Option C. 12%**

**Option B. Pakistan source income**

**Option B. Tax year 2003**

**Option D. None of the given option**

- Option D. Fees and Penalties**
- Option B. 1st July to 30th June**
- Option A. Nil**
- Option C. Speculation business income**
- Option A. Resident Person**
- Option C. Consideration received on disposal**
- Option C. Unrecognized provident fund**
- Option C. 25% of total capital gain**
- Option A. Wholly Taxable**
- Option A. True.**
- Option C. Share of profit of a partner from a firm engaged in agricultural**
- Option C. Both Exclusive and Inclusive definitions**
- Option B. Higher Bracket rate of tax is charged**
- Option B. Resident Company**
- Option A. Proportional tax**
- Option D. 2009**
- Option A. Employment**
- Option C. Rs. 500,000 will be exempt from tax being non resident person**
- Option D. Business friendly**
- Option A. True**
- Option B. Progressive tax**
- Option D. Golden hand shake**
- Option C. Section 41 of the Income Tax Ordinance 2001**
- Option A. Amount of Gross tax**
- Option C. Chapter III Part IX**
- Option B. 1st July to 30th June**
- Option C. 10%**
- Option D. Fees and Penalties**
- Option A. Paid by a resident person**
- Option C. 1st July 2002**
- Option C. Sales tax**
- Option A. Nil**
- Option A. 2.5%**
- Option B. 10.00%**
- Option C. Finance Act 2006**
- Option C. 10000**
- Option D. 5**
- Option B. Fiscal policy**
- Option B. Taxes**
- Option A. True**
- Option D. Taxable Income**
- Option C. 110**
- Option A. Wholly exempt**
- Option B. 400000**
- Option B. Control and management of affairs of AOP is situated wholly in Pakistan.**
- Option B. Association of two or more heads of Income**

- Option D. None of the given options
- Option C. Property tax
- Option A. Rs. 4000
- Option B. Certainty
- Option B. Company maintaining its books of account on Accrual basis
- Option A. 2nd Schedule Part 1 Cl. (8)
- Option B. Permanent establishment
- Option A. Section 2(9)
- Option C. Section 102
- Option D. All of the given options
- Option A. Section 4
- Option B. Non-Resident Individual
- Option D. 7.5%
- Option D. None of the given options
- Option C. Rs. 216,000
- Option C. Rs. 461,000
- Option B. Rs. 7200
- Option B. Twenty million rupees
- Option B. Rs. 302,500
- Option D. Rs. 484,750
- Option C. Rs. 107,000
- Option C. Rs.10, 000
- Option B. Section 24
- Option B. 720,000
- Option C. 2008
- Option C. Amount of exemption as per Ordinance
- Option A. Rule 11 of the IT Rule 2002
- Option A. Rs 1,300,000
- Option B. Section 21
- Option B. One year or more
- Option B. Company maintaining its books of account on Accrual basis
- Option B. The employee's total taxable income for the three preceding tax years
- Option C. 15%
- Option A. Added in total income
- Option A. Clause (12) Part I of Second Schedule
- Option A. Commissioner
- Option C. Both Pakistan and foreign source of income
- Option C. Companies
- Option A. Taxes
- Option C. Stock-in-trade
- Option B. 10 years
- Option D. Section 84
- Option A. Market price of such produce will be deducted as business expenditure
- Option D. All of the given options
- Option D. Chapter III Part X
- Option B. Taxes

- Option D. All of the given options**
- Option C. 12%**
- Option B. Convenience**
- Option B. Partnership firm**
- Option C. A/Bx100**
- Option D. Commissioner of Income Tax**
- Option D. Resident solely by reason of the individual's employment**
- Option B. Pakistan source income**
- Option B. Non-resident and permanent establishment**
- Option B. Inclusive definition**
- Option B. Non-resident person**
- Option C. Section 13**
- Option B. Inheritance tax**
- Option D. None of the given options**
- Option D. None of the given options**
- Option C. Profit on sale of standing crops**
- Option B. Non- Resident Individual**
- Option D. None of the given option**
- Option A. Pakistani source of income**
- Option B. Commissioner of income tax**
- Option D. All of the given options**
- Option C. 2.5% of amount received as a separate block of income**
- Option B. Unimproved land**
- Option A. Burden**
- Option A. Cash Gift**
- Option C. Payment of premium**
- Option C. Section 156**
- Option A. Statutory Provident Fund**
- Option A. Proportional tax**
- Option A. Employment**
- Option D. Tax payer**
- Option D. Income from spontaneous forest**
- Option D. All of the given options**
- Option B. Section 33**
- Option C. 2nd Schedule Part 1 Cl.(9)**
- Option B. 20% of taxable income**
- Option D. Income from other sources**
- Option C. 12**
- Option C. More than Rs. 200,000**
- Option A. 12.50%**
- Option D. Provincial Government**
- Option C. 17.50%**
- Option A. A+B-C**
- Option B. Inclusive definition**
- Option D. Deceased person**
- Option B. Fiscal policy**

- Option B. Rs. 240,000
- Option C. Section 110
- Option A. Mr. X being resident of Pakistan Rs. 50,000 will be added in Gross total income
- Option C. Commissioner of income tax
- Option C. Entitlement of Counter benefit
- Option D. Finance Minister's budget speech
- Option C. Salary of Ali includes the Interest on loan at higher than benchmark rate
- Option C. Section 113
- Option A. Rs. 100,000 added in his total income
- Option A. Rs.60,000
- Option C. 5 years
- Option C. Federal Government
- Option B. 25%
- Option C. Government provident fund
- Option A. Part I of 3rd schedule
- Option C. Section 82
- Option C. Rs. 50,000 added in his total income
- Option C. Income from business
- Option D. Nil
- Option D. Expenditure incurred by an amalgamated company
- Option B. Section 20
- Option B. Royalty
- Option A. Salary Income
- Option D. All of the given options
- Option C. Income from business
- Option D. Business friendly
- Option D. All of the given options
- Option D. All of the given options
- Option A. Salary
- Option A. These salaries, will be added in the salary of Mr. A
- Option C. 1st July 2002
- Option C. Rs. 500,000 will be exempt from tax being non resident person
- Option D. All of the given options
- Option B. Tax will be charged only on Rs. 10,000
- Option B. Association of two or more heads of Income
- Option D. All of the given options
- Option D. Section 46
- Option A.  $A/B \times C$
- Option D. All of the given options
- Option D. Share of profit of a partner from a firm engaged in agricultural
- Option C. Banking Company
- Option A. Paid by a resident person
- Option D. Deductible expenditure
- Option D. 6 years
- Option D. All of the given options
- Option C. Finance Act 2007

- Option D. None of the given options**
- Option A. Custom duty**
- Option D. All of the given options**
- Option C. Income from business**
- Option C. Taxable Income**
- Option C. On the malfunctioning of the trust**
- Option A. Return**
- Option D. Not mention in second schedule**
- Option A. Exclusive definition**
- Option B. Income computed in line with provisions of Ordinance**
- Option A. 1st January to 31st December**
- Option B. Accrual basis**
- Option A. Resident Company**
- Option C. Sales Tax**
- Option D. All of the given options**
- Option A. By resident Company**
- Option D. Free to choose any kind of base**
- Option D. Employment**
- Option B. Normal Tax Year**
- Option D. 2009**
- Option A. 2.5%**
- Option A. Trust is irrevocable**
- Option C. 5.00%**
- Option A. Minimum time scale**
- Option C. Regressive tax**
- Option A. Mr. Sohail being resident of Pakistan Rs. 100,000 will be added in Gross total income**
- Option C. Loan used for the construction of house**
- Option A. Wholly taxable due to PE**
- Option A. Wholly Taxable**
- Option A. Wholly taxable**
- Option A. Wholly exempt**
- Option C. Exempt up to Rs. 200,000**
- Option B. Exempt**
- Option B. Wholly Exempt**
- Option B. Wholly exempt**
- Option B. Partially taxable**
- Option B. Wholly Exempt**
- Option A. Wholly taxable**
- Option B. Wholly exempt**
- Option A. Wholly Taxable**
- Option B. Exempt**
- Option B. Wholly Taxable**
- Option A. Wholly Taxable**
- Option B. False**
- Option A. True**

- Option B. False**
- Option A. True**
- Option A. True**
- Option B. False**
- Option B. False**
- Option B. False**
- Option C. Totally exempt**
- Option D. Totally exempt**
- Option D. Keeping two sets of books of accounts or records.**
- Option C. Income Tax**
- Option A. Strictly against the taxpayer;**
- Option A. Non-resident alien not engaged in trade or business in the Pakistan;**
- Option D. Proportional tax.**
- Option C. Ordinary assets;**
- Option C. Amount receivable by any beneficiary designated in the insurance policy;**
- Option D. The property must have formed part of the gross estate situated in the Pakistan of the prior decedent.**
- Option B. Capacity of the donee;**
- Option C. They must have been prescribed;**
- Option D. All of the above**
- Option D. Maybe due even if there is no actual sale of the goods**
- Option C. Amusement tax**
- Option D. Bowling alleys**
- Option B. Subject to final tax**
- Option D. Gift, bequest and devices**
- Option C. Documentary stamp tax**
- Option B. Compensatory damages for unrealized profits**
- Option C. Benefits given to supervisory employees under a collective bargaining agreement**
- Option D. The ordinance is a valid exercise of the council's power to enact laws to raise revenue under the Local Government Code.**
- Option A. Vanishing deductions**
- Option D. All of the above**
- Option D. Commissioner of Internal Revenue**
- Option B. Question of whether or not to impose a deficiency tax assessment upon a taxpayer**
- Option D. Loss on transfer of property to a controlled corporation solely for stock**
- Option B. Amortization**
- Option B. Presumptive Income**