International Islamic University Chittagong

Department of Law

Final Examination, Autumn -2022

Program: LLB (Hons.), Semester: 4th

Course Title: Law of Taxation

Course Code: Law- 2203

Time: 2.5 Hours **Marks: 50**

Part -A

The figures on the right indicate marks. Answer any four (4) questions from Part-A. Start answering each question from a fresh sheet.

1.	**Mrs. Montahina** is a CoE of NST International. Had the following income for the year ended on 30-06-2022 a) Drawing monthly salary of Tk. 67000 on a scale of tk.52000-3000-73000. Her date of salary increment is on 1st January. b) She received four bonuses equivalent to one month's basic salary each. c) Dearness allowance 20% of B.S. d) Conveyance allowance received in cash tk.32,000 e) She received an entertainment allowance, Tk. 8,500 per month f) A rent-free quarter is provided from her office. g) Medical allowance Tk. 56,000 per month. h) Other allowance Tk.120,000 i) She received Tk. 1 lakh from the Insurance policy at maturity. j) Birthday presentation to her colleague Tk.5000 k) She is married and has two disabled children. She has invested Tk.135,000 in the Share Business and paid Tk.35 000 as a life insurance premium on the life of her minor child. She donated Tk. 72500 to the Muktijudha Jadughar. She has a DPS in Islami Bank Bangladesh Ltd monthly installment of Tk.6000. She also donated Tk.15000 to the government. Zakat fund.	**10**
2.	Compute the agricultural income, taxable income, and tax liability of Mr. Sakib Al Hasan, a war-wounded freedom fighter farmer of Chittagong, from the following particulars relating to the income year ended on 30th June 2022 a) Sale of rice 470 maunds Tk 350 per maund; b) Sale of jute 500 maunds Tk.250 maund; c) Sale of Robi crops Tk.160,000 d) Sale of bamboo Tk.120000 e) Sale of palm juice Tk.51,000	**10**

f) Income from poultry farm tk.26500

g) Income from Ferry Ghat Tk.120,000

h) Income from mooring Tk. 12,000

i) Income from lease of Agri. Land Tk.35000

j) Income from tea garden and tea sale Tk.86,000

k) Income from the plantation of Rubber and Rubber sale Tk.80000

l) Income from cattle rearing Tk.70000

Mr. Sakib Al Hasan didn't maintain the books of accounts properly. He, however, claims Tk.175000 as the cost of cultivation. He had a pump machine purchased at Tk.55000; it has become obsolete and discarded at Tk. 25000. After charging depreciation at ITO prescribed rate, the written down value is estimated at tk.22000. He paid union Parishad Tax Tk.12500, land revenue Tk.3200, life Insurance premium, and crops Insurance premium 33000 and 10000. He also purchased a saving certificate, Tk.9000.

3. **Mr. Liton Khumar Das** owns a house in the Chawkbazar Residential area. He is a handicapped Taxpayer. The house has fifteen flats, and the owner himself occupies one flat. The other flats are let out for taka 20,000 each per month. For tax purposes, the city corporation valued its annual value at Tk. 105,0000. He spent the following amount in the year that ended on 30th June 2022. **10**

Particulars	Tk.
Whitewash and repair	324000
Municipal tax	50,000
Fire Insurance premium	35,000
Water and sewerage charge	56500
Salary of Gardener	12500
Installation of Generator	295,000
Interest on borrowed money	32500
Cost of alteration	170,000
Ground rent	35,500
Salary of guard	32500
Interest on loan	25000
Installation of A.C.	5250000

Five flats in this house were vacant for six months. He bears the water and gas bill of the tenant, which amounts to Tk.17500 for the year. Compute the taxable income and tax of Mr. Rashid Khan for the House.

4. **Mr.Taskin Ahmed** is a government employee. The particulars of his income, investment, and expenditure for the year ended on 30th June 2022. Compute income from salary, tax credit, and tax payable under the following situation. **10**

i. Basic salary Tk. 55000 per month.

ii. House Rent Tk. 22500 per month.

iii. He received Medical expenses Tk. 35000 per month.

iv. Entertainment allowance Tk. 3000

v. A car is provided for official use.

vi. Two bonuses are equivalent to one month's basic salary each.

vii. Income from house property Tk.450,000

viii. Income from lease of agricultural land Tk.120,000

ix. He received profit on ICB Unit certificate Tk.155000

He contributes Tk.10,000 P.M. to a recognized provident fund. He received interest in a recognized provident fund, Tk. 25000. He has a DPS in Sonali Bank: the monthly installment is Tk.9000.He has invested Tk. 150,000 in Share business.

5. **Habiba** is Harmopridate, a Businessman. Following is his/ her business's profit and loss account for the year ended 30-06-2022. Compute his/her business, total income, and tax thereon. 10

Particulars	Tk.	Particulars	Tk.
Salaries	178000	Gross profit	3,213,600
Annual membership fee	39600	Profit on ICB certificate	190000
Interest on loan	10000	Interest in commercial securities	110000
Overseas traveling expenses	114000		
Purchase of Trademark	130000		
Fund embezzlement	27500		
Educational expenses for the minor child	21200		
Depreciation reserved	20000		
Fire insurance	15500		
Legal expenses	52500		
Commission	35000		
Personal expenses	12700		
Bad debt reserved	15000		
New year's presentation to the employee	12000		
Interest in capital to partner	10000		
License renewal fees	12000		
Contribution to unrecognized provident fund	23000		
Retirement benefits paid to the employee	180000		
Cost of accounting and audit	35600		
Distribution of free sample	150000		
Capital expenditure for advertisement	170000		
Net profit	2250000		
	3,513,600		3,513,600

Other information:

i. Fund embezzlement occurred in (office hour Tk. 8000)

ii. Legal expenses include Tk. 2500 for an income tax appeal and Tk. 3500 for VAT appeal

iii. The commission received and paid in 5000 and 8000 has not been recorded.

iv. The miscellaneous expense includes Tk. 123000 that was incurred for purchasing assets for the business.

Part-B

Answer any one (1) question of the followings.

6. Explain the term 'VAT'; Evaluate the merits and demerits of VAT in Bangladesh. What are the characteristics of VAT? 10

7. Evaluate the term Tax evasion and Tax avoidance? What are the common methods of Tax evasion and Tax avoidance? Give your suggestion for preventing Tax evasion and Tax avoidance. 10