

Local Laws Gateway Examination (LLG)

For Chartered Institute of Management Accountants (CIMA)-ACMAs/FCMAs

Introduction to the syllabus

A Local Laws Gateway Examination is designed for Associate and Fellow members of the Chartered Institute of Management Accountants (CIMA). It comprises of Commercial Laws, Corporate governance, Business laws & Ethics and Business Taxation. On successful completion of LLG, ACMAs/FCMAs-CIMA are eligible for CMA membership. This syllabus details the contents of the pathway exam, and provides details of examinable topics, and the level at which those topics will be tested.

Main capabilities

On successful completion of this course, candidates should be able to:

- Understand the legal system of Pakistan and comprehend application of contract, partnership and sales laws in Pakistan
- Advise the management on the financial and non-financial implications of business laws for the effective operations of the business.
- Interpret Public Procurement Authority Laws and its practical guidelines used for tendering, bidding and awarding of contracts
- Identify, evaluate and analyze different situations arising in performing the professional duties with reference to applicable corporate laws
- Get acquainted with the code of corporate governance;
- Understand the other relevant rules and regulations regarding anti-money laundering, companies' shares capital, public offering regulations etc.
- Perform secretarial practices and get acquainted with Eservices for registration and procedures for e-filing of Statutory Returns and Forms
- Understand the objective of levy of direct and indirect taxes in Pakistan
- Comprehend the system of taxation in Pakistan
- Explain provisions of Income Tax Laws mainly relevant to individuals and association of persons and corporate entities
- Get confidence in handling day to day matters involved in taxation like; manual and electronic preparation and submission of returns/statements and calculation of taxable figure in complicated cases
- Understand the underlying concepts of Federal Excise Act and Rules

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Syllabus Grid

PART	SYLLABUS CONTENT AREA	WEIGHTAGE
A	COMMERCIAL LAWS: 1 Introduction to Legal System of Pakistan 2 The Contract Act, 1872 3 Sales of Good Act, 1930 4 Partnership Act, 1932 5 Negotiable Instrument Act, 1881 6 PPRA Ordinance, 2002 (Public Procurement Regulatory Authority) 7 PPRA Rules, 2004	20%
B	CORPORATE GOVERNANCE. BUSINESS LAWS & ETHICS Companies Act, 2017, Relevant Rules And Regulations : 8 Companies Act, 2017 9 Companies (Incorporation) Regulations, 2017 10 Securities Act 2015 11 Listed Companies (Code of Corporate Governance) Regulations, 2019 Special Companies 12 Modaraba Companies and Modaraba (Floatation and Control) Ordinance, 1980 13 Non Banking Finance Companies Other Laws, Regulations and Professional Ethics 14 The Companies (further issue of shares) Regulations, 2018 15 Listed Companies (Buy-Back of Shares) Regulations, 2019 16 Public Offering Regulations, 2017 17 Pakistan Stock Exchange Rule Book 18 Anti-money Laundering Act, 2010 19 Professional Ethics Secretarial Practices 20 Company Secretary, Functions and Responsibilities 21 Meetings, Resolutions and E-filing	40%
C	BUSINESS TAXATION Income Tax 22 Income Tax Ordinance, 2001 23 Income Tax Rules, 2002 <hr/> Sales Tax 24 The Sales Tax Act, 1990 25 The Sales Tax Rules, 2006 <hr/> Federal Excise 26 5. Federal Excise Act and Rules	40%
TOTAL		100%

Detailed Syllabus

PART A-COMMERCIAL LAWS:

1. Introduction to Legal System of Pakistan

- Need of study of law
- Sources of law
- System of court
- Doctrine of precedent
- Pakistan's law making authority

2. The Contract Act, 1872

- Contract and its kinds
- Offer and acceptance
- Consideration and object
- Capacity of parties
- Free consent
- Void agreements
- Contingent and quasi contracts
- Performance of contract
- Discharge of contract
- Remedies for breach of contract
- Indemnity and guarantee
- Bailment and pledge
- Contract of agency

3. Sales of Good Act, 1930

- Contract of sale of goods
- Conditions and warranties
- Transfer of property
- Performance of contract of sale
- Rights of unpaid seller

4. Partnership Act, 1932

- Definition and essential features
- Merits and demerits
- Kinds of partners including clauses related to minor partner
- Difference between partnership and co-ownership
- Formation of partnership
- Types of partnership
- Registration of firms and effect of non-registration

- Rights, duties and liabilities of partner
- Implied authority and non-implied authority of partner
- Re-constitution of a firm (incoming & outgoing partners)
- Modes of dissolution of a firm;

5. Negotiable Instrument Act, 1881

- Negotiable instrument
- Parties to negotiable instrument
- Presentment of negotiable instrument
- Negotiation of negotiable instrument
- Dishonor of negotiable instrument
- Banker and customer

6. PPRA Ordinance, 2002 (Public Procurement Regulatory Authority)

- Chapter I.-Preliminary
- Chapter II.-Establishment Of Authority
- Chapter III .-Management And Administration Of The Authority
- Chapter IV.-Financial Provisions
- Chapter V.-Regulatory and Other Provisions.
- Chapter VI.-Miscellaneous

7. PPRA Rules,2004

- Short title and commencement.
- General Provisions
- Procurement planning
- Procurement Advertisements
- Pre-Qualification, Qualification And Disqualification Of Suppliers And Contractors
- Methods Of Procurement
- Opening, Evaluation And Rejection Of Bids
- Acceptance Of Bids And Award Of Procurement Contracts
- Maintenance Of Record And Freedom Of Information
- Redressal Of Grievances And Settlement Of Disputes

PART B- CORPORATE GOVERNANCE. BUSINESS LAWS & ETHICS

COMPANIES ACT, 2017, RELEVANT RULES AND REGULATIONS

8. Companies Act, 2017

- **Definition, Court**
Sections 2, 4-8
- **Pre Incorporation Stage**
Sections 9-18
- **Post Incorporation Stage**
Sections 19-51
- **Service of Documents on Company, Prospectus, Classes/Kinds of Share Capital, Shares, Debentures**
Sections 52-68
- **Allotment, Issuance, Transfer of Shares**
Sections 69-80
- **Premium, Discount, Further issue of Share Capital, Deposits, Alteration in Capital etc.**
Sections 81-88
- **Reduction of Share Capital**
Sections 89-99

- **Mortgages & Charges**
Sections 100-117
- **Members Registers etc.**
Sections 118-129, 197
- **Annual Return, Statutory Meeting**
130-131
- **Annual General Meeting**
Sections 132-148
- **Resolutions**
Sections 149-152
- **Directors**
Sections 153-183, 197-198
- **Chief Executive**
Sections 192
- **Investments, Contracts**
Sections 199-203, 217-218
- **Interests of Directors etc, Disclosures etc.**
Sections 204-214
- **Dividends**

Sections 241-245

▪ **Reports & Financial Statements**

Sections 223-223-239

▪ **Auditors**

Sections 246-253

▪ **Investigations**

Sections 254-262, 270-275

▪ **Prosecution**

Sections 263-269

▪ **Winding Up**

Sections 293 to 321

▪ **Shariah Compliance, Global Register of Beneficial Ownership, Money Laundering etc.**

Sections 451 to 453

▪ **Relevant Schedules, Tables, Forms and General Rules**

Section 506 to 516

9. Companies (Incorporation) Regulations, 2017

- All Chapters

10. Securities Act, 2015

- Section 2, 6, 7, 19, 77, 87 to 96

11. Listed Companies (Code of Corporate Governance) Regulations, 2019

- All Chapters

SPECIAL COMPANIES

12. Modaraba Companies and Modaraba (Floatation and Control) Ordinance, 1980

- Section 1 to 26, 33 and related Modaraba Rules, 1981

13. Non Banking Finance Companies

- Non- banking Finance Companies (Companies Ordinance, 1984 Section 282A to 282M)
- NBFC (Establishment and Regulation) Rules 2003- Rules 1 to 7
- The Non-banking Finance Companies and Notified Entities Regulations, 2008 (Regulation 2, 3, 9, 10, 15B, 16-18, and 25)

OTHER LAWS, REGULATIONS AND PROFESSIONAL ETHICS

PART C-BUSINESS TAXATION

INCOME TAX

22. Income Tax Ordinance, 2001

- Definitions;
- Charge to tax;
- Tax on taxable income (computation of income from salary, property, business, capital gains, other sources, exemptions, losses, deductible allowances, tax credits);
- Common rules (general, tax year, assets);
- Provisions governing persons (concept, individuals, AOPs, companies);
- Special industries (insurance, oil & gas and other mineral deposits);
- International (geographical source of income, taxation of foreign source of income of residents, taxation of non-residents, double taxation);
- Anti-avoidance;

14. The Companies (further issue of shares) Regulations, 2018

- All Chapters with Schedules

15. Listed Companies (Buy-Back of Shares) Regulations, 2019"

- Complete rules with latest amendments

16. Public Offering Regulations, 2017

- Chapter 1 to 5 and First Schedule

17. Pakistan Stock Exchange Rule Book

- Chapter 5, 5A and 5B

18. Anti-money Laundering Act, 2010

- Section 2 to 20 & 30 with relevant Anti-money Laundering Regulations, 2015

19. Professional Ethics

- Importance of Ethics
- Personal Ethics
- Professional Ethics
- Ethical Guidelines by ICMA Pakistan
- Ethical Conflict

SECRETARIAL PRACTICES

20. Company Secretary, Functions and Responsibilities

- Appointment, removal, terms and condition, function, legal obligations, role and responsibilities of company secretary.
- All relevant secretarial practices with reference to the provisions of the Companies Act, 2017

21. Meetings, Resolutions and E-filing

- Notice of Annual General Meetings/ Extra Ordinary General Meetings/ Board Meetings and Resolutions
- Responsibilities and Duties of Company Secretary regarding arranging of Annual General Meetings/EOGM/ Board Meetings
- Understanding and other relevant requirements of a company secretary regarding eServices and e-filing of relevant returns and form under the Companies Act, 2017

- Minimum tax;
- Procedures (returns, assessments, appeals, collection and recovery of tax, payments and deductions, refunds, records and audit, penalty, offence and prosecutions, additional tax);
- Administration (general, transitional advance tax provisions, miscellaneous);
- Schedules (first schedule, second schedule, third schedule, sixth schedule, seventh schedule).
- Special provisions regarding depreciation,
 - Initial allowance,
 - Intangibles, pre-commencement expenses,
 - Scientific research expenditures,
 - Employees training and facilities,
 - Profit on debt,
 - Financial costs and lease payment,
 - Bad debts,

- Provisioning regarding consumer loans,
- Profit on non- performing debts,
- Transfer to participating reserve and tax accounting.
- Nature and areas of tax management;
- Deduction of tax at source;
- Advance payment of tax;
- Minimum tax;
- Importance of tax management while claiming allowance;
- Exemptions
- Deductions and tax credits;
- Filing of returns of income;
- Defaults and penalties.
- Capital gain tax

23. Income Tax Rules, 2002

- Definitions related to the rules;
- Heads of income;
- Income of residents;
- Tax of non-residents;
- Transfer pricing;
- Records and books of accounts;
- Certificates;
- Advance tax collection or deduction,
- Payment,
- Statements of tax collected or deducted.
- Income tax recovery rules,
- Registration of income tax practitioners,
- Recognized terminal benefits funds.

Sales Tax

▪ The Sales Tax Act, 1990

- Chapter No. I, II, III, IV, V, VII, VIII and IX of the Act, as amended up-to-date covering;
- Definitions;
- Scope and payment of tax;
- Registration;
- Book-keeping and invoicing requirements;
- Returns;
- Offences and penalties, appeals and recovery of arrears.

24. The Sales Tax Rules, 2006

- Definitions related to rules.
- Registration, compulsory registration
- De-registration, filing of returns,
- Credit and debit note
- Destruction of goods,
- Apportionment of input tax,
- Refund,
- Supply of zero-rated goods to diplomats,
- Diplomatic missions,
- Privileged persons and privileged organizations,
- Taxpayer's authorized representatives,
- Alternative dispute resolution,
- Special procedure for issuance of electronic sales tax invoices between buyers and sellers

Indirect Tax

25. Federal Excise Act and Rules

- Federal Excise Act, 2005(Chapter I & II only)
- Notifications, rules general orders and circulars, issued under the Federal Excise Act, 2005 relevant of Chapter I & II only.

Core Readings		
TITLE	AUTHOR	PUBLISHER
Bare Acts	Govt. of Pakistan	Publications Division, Govt. of Pakistan.
Elements of Mercantile Law	N.D. Kapoor	Sultan Chand and Sons
Mercantile Law	Luqman Baig	Ghanzanfar Academy Pakistan
PPRA Rules	Govt. of Pakistan	Govt. of Pakistan
The Companies Act, 2017	Naved Mukhtar	Pakistan Law House
SECP Website	SECP	www.secp.gov.pk
Code of Ethics	Issued by IFAC & SAFA	IFAC & SAFA
Tax Laws of Pakistan	Huzaima Bukhari & Dr. Ikramul Haq	Lahore Law Publications.
Income Tax Laws	FBR	www.fbr.gov.pk
Sales Tax Laws		
Federal Excise Law		