

STAGE -3

S-302 - BUSINESS TAXATION

i. Introduction:

This course covers Income Tax Ordinance, 2001, the Income Tax Rules, 2002 and other Tax Laws such as the Sales Tax Act, 1990, Customs Act, 1969 and Federal Excise Act, 2005, as amended to date.

ii. Objectives:

To provide the students with an in-depth knowledge of Tax Laws, enabling them to apply in decision-making process in different business situations.

iii. Outcomes:

On completion of this course, students should be able to:

- identify and interpret principal types of taxation, such as direct taxes on individuals, income, business individuals, Association of persons, registered and unregistered firms and companies, trading profit and capital gains, and indirect taxes

such as sales tax, customs duty and central excise duty,

- describe features of the direct and indirect taxes,
- describe record-keeping, filing and tax payment requirements of principal types of taxation, relating to business,
- differentiate between tax avoidance and tax evasion,
- compute for recommendations to the management on issues, pertaining to tax liabilities of company or firm, arising from income generation and capital gains,
- recommend on minimising or deferring tax liabilities for individuals or company, by using exemptions,
- compute and advise on tax liabilities of individuals, arising from income receipts, capital gains, business or professions and other sources, and
- identify foreign tax obligations, situations and apply appropriate methods for relieving from such tax.

INDICATIVE GRID

SYLLABUS CONTENT AREA	WEIGHTAGE
SECTION-A 1. Income Tax Law 1.1 Income Tax Ordinance 2001, as amended up-to-date	50%
SECTION-B 1.2 Income Tax Rules 2002	20%
SECTION-C 2. Other Tax Laws: 2.1 Sales Tax Act 1990 2.2 Customs Act, 1969 2.3 Federal Excise Act and Rules, 2005 2.4 Capital Value Tax	30%
TOTAL	100%

Note: The weightage shown against each section indicates, study time required for the topics in that section. This weightage does not necessarily specify the number of marks to be allocated to that section in the examination.

CONTENTS

SECTION-A

1. INCOME TAX LAW

1.1 The Income Tax Ordinance 2001, as amended up-to-date

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, AOP, 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; 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.

SECTION-B

1.2 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, and recognised terminal benefits funds.

Recommended Books

SECTION-C

2. OTHER TAX LAWS:

2.1 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.

2.2 Customs Act, 1969

Chapter V, VI, X, XI, XVII and XIX of Customs Act, as amended up-to-date covering; levy of exemption from and repayment of customs duties; drawbacks; clearance of goods for home consumption; warehousing; offences and penalties; appeals and revisions.

2.3 Federal Excise Act And Rules, 2005

Federal Excise Act, 2005. Sections 2 to 19, 31, & 33 to 39.

Federal Excise Rules, 2005. Rules 7 to 10, 15 to 17, & 32 to 34.

2.4 Capital Value Tax

Section 7 of the Finance Act 1989 as amended up-to-date.

Notifications, rules general orders and circulars, issued under the above-mentioned laws.

CORE READINGS		
TITLE	AUTHOR	PUBLISHER
Complete Income Tax Law (Latest Edition)	Sheikh Asif Salam	S. A. Salam Publications, Lahore.
Introduction to Income Tax Ordinance, 2001 & Income Tax Rules, 2002	Huzaima Bukhari & Dr. Ikramul Haq	Lahore Law Publications.
Sales Tax, 1990	Tariq Najeeb Choudhry	Tariq Najeeb Corporation, Lahore.
Central Excise Act 1944 and Rules	Tariq Najeeb Choudhry	Tariq Najeeb Corporation, Lahore.
Customs Act, 1969	—	Government of Pakistan.
Income Tax Law plus Practical Problems with Solution	Prof. Dr. Khawaja Amjad Saeed	Azim Academy, 21-Urdu Bazar, Lahore.
Synopsis of Taxes in Pakistan	Mirza Munawar Hussain	Iqbal Brothers, Lahore.