

STRATEGIC LEVEL-1
S3 - BUSINESS TAXATION
INTRODUCTION

This course covers Income Tax Ordinance, 2001, the Income Tax Rules, 2002 and indirect tax Laws such as the Sales Tax Act, 1990, Sales Tax Rules, and Federal Excise Act as amended to-date. The objective of this course is to equip the students with an in-depth knowledge of direct and indirect tax laws applicable in Pakistan.

OBJECTIVES

To provide the students with an in-depth knowledge of direct and indirect taxes to deal with day to day practical issues regarding computation of tax liabilities, taxable income, refund and filing of annual and monthly returns.

LEARNING OUTCOMES

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

- Understand the objectives of levy of taxation, and its basic concepts
- Comprehend the system of taxation in Pakistan
- Explain provisions of Income Tax Laws mainly relevant to individuals and association of persons and corporate entities
- Understand features of the direct and indirect taxes;
- Execute record-keeping, filing and tax payment requirements of principal types of taxation, relating to business;
- Recommend the management on issues, pertaining to tax liabilities of company or firm, arising from various types of income.
- Elucidate relevant Sales Tax Laws and rules
- Understand the underlying concepts of Federal Excise Act and Rules

INDICATIVE GRID

PART	SYLLABUS CONTENT AREA	WEIGHTAGE
A	INCOME TAX 1. Income Tax Ordinance, 2001 2. Income Tax Rules, 2002	60%
B	SALES TAX 3. The Sales Tax Act, 1990 4. The Sales Tax Rules, 2006	30%
C	FEDERAL EXCISE 5. Federal Excise Act and Rules	10%
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.

DETAILED CONTENTS
PART - A
INCOME TAX
1. 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, 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.
- Capital gain tax

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,
- Recognized terminal benefits funds.

PART - B
Sales Tax

3. 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.

4. 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

PART - C
Indirect Tax

5. 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.

Recommended Books:

CORE READINGS		
TITLE	AUTHOR	PUBLISHER
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		
Additions		
Complete Income Tax Law (Latest Edition)	Sheikh Asif Salam	S. A. Salam Publications, Lahore.