**ALLAMA IQBAL OPEN UNIVERSITY, ISLAMABAD**

**(Department of Business Administration)**

**WARNING**

1. **PLAGIARISM OR HIRING OF GHOST WRITER(S) FOR SOLVING THE ASSIGNMENT(S) WILL DEBAR THE STUDENT FROM THE AWARD OF DEGREE/CERTIFICATE IF FOUND AT ANY STAGE.**
2. **SUBMITTING ASSIGNMENT(S) BORROWED OR STOLEN FROM OTHER(S) AS ONE’S OWN WILL BE PENALIZED AS DEFINED IN “AIOU PLAGIARISM POLICY”.**

**Course: Taxation Management (8443) Semester: Spring, 2025**

**Level: BBA**

**Please read the following instructions for writing your assignments.**

**(AD, BS, BEd, MA/MSc, MEd) (ODL Mode)**

1. All questions are compulsory and carry equal marks but within a question, the marks are distributed according to its requirements.
2. Read the question carefully and then answer it according to the requirements of the question.
3. Avoid irrelevant discussion/information and reproducing from books, study guides or allied material.
4. Hand-written scanned assignments are not acceptable. However, the students who attempt their assignments in Urdu/Arabic may upload a scanned copy of their handwritten assignments (in PDF format) on University LMS. The size of the file should not exceed 5 MB.
5. Upload your typed (in Word or PDF format) assignments on or before the due date.
6. Your analysis and synthesis will be appreciated.
7. Late assignments can’t be uploaded at LMS.

**Total Marks: 100 Pass Marks: 50**

**ASSIGNMENT No. 1**

Q. 1 In the context of Pakistan's tax system, imagine you are a tax consultant advising a new business owner on how the country’s taxation history and the evolution of its tax system might impact their operations. How would you explain the historical development of taxation in the Sub-Continent, the evolution of Pakistan's tax system, and the major taxes currently applicable?

 **(20)**

Q. 2 A Pakistani entrepreneur has recently started a consulting business and is unsure about the various income tax provisions under the Income Tax Ordinance 2001. They want to understand the tax implications for different sources of income such as salary, property, business, and capital gains. Explain how the Income Tax Ordinance 2001 applies to these different income heads, and provide a detailed comparison of how each category is taxed under Pakistani law. **(20)**

Q. 3 A non-salaried individual, Mr. Ahmed, is running a small retail business in Pakistan. He is confused about how his income from the business will be taxed under the Income Tax Ordinance 2001. Discuss the taxation rules applicable to his business income and explain the potential tax credits, deductions, and loss set-offs he could use to reduce his taxable income. What are the specific income tax return filing requirements for him as a non-salaried individual? **(20)**

Q. 4 Calculate the tax liability of Mr Asif for the tax year 2024 from the following data: **(20)**

|  |  |  |
| --- | --- | --- |
| **No.** | **Item** | **Amount** |
| 1 | Basic salary | 40,000 per month |
| 2 | Conveyance allowance | 7,000 per month |
| 3 | Utility allowance | 2,500 per month |
| 4 | Overtime  | 6,000 per month |
| 5 | A House facility is provided to Mr Ali.His house rent allowance entitlement is Rs. 15,000 per month |  |
| 6 | Medical expenses reimbursed  | 35,000 per annum |
| 7 | Computer allowance  | 4,000 per month |
| 8 | Loan of Rs. 10,00,000 from the employer at 0% interest rate |  |
| 7 | Shares gifted to Mr Ali by his employer | Market value Rs.45,000 |
| 8 | Rent received from the property  | 25,000 per month |
| 10 | Shares gifted to Mr. Ali by his employer | Market value Rs.35,000 |
| 11 | Rent received from the property | 35,000 per month |
| 12 | Deductions claimed on property income: Interest expense Rs. 20,000, Depreciation Rs. 10,000 |  |
| 13 | Income from vegetable store | Rs.125,000 per annum |
| 14 | Sale of shares of public company for Rs. 200,000 after 1 year of acquisition (purchased price Rs. 100,000) |  |
| 15 | Royalty received | Rs.35,000 per annum |
| 16 | Zakat paid | Rs. 30,000 |
| 17 | Donation to a Prime Minister Relief Fund for Earthquake Victims | Rs.20,000 |
| 18 | Withholding tax paid in the year | Rs.25,000 |

Q. 5 A large corporation in Pakistan has approached you for assistance with its income tax reporting. The company is unsure about the taxation of its income and expenses, particularly when distinguishing between capital and revenue expenses. How would you explain the taxation of corporate income under the Income Tax Ordinance 2001, including the treatment of capital and revenue receipts? Also, outline the specific income tax return filing requirements for companies in Pakistan and how they can adjust accounting and taxation incomes. **(20)**

**Guidelines FOR ASSIGNMENT # 1**

You should look upon the assignments as a test of knowledge, management skills, and communication skills. When you write an assignment answer, you are indicating your knowledge to the teacher:

* Your level of understanding of the subject;
* How you think;
* How well you can reflect on your knowledge & experience;
* How well you can use your knowledge in solving problems, explaining situations, and describing organizations and management;
* How professional you are, and how much care and attention you give to what you do.

To answer a question effectively, address the question directly, bring important related issues into the discussion, refer to sources, and indicate how principles from the course materials apply. You must also be able to identify important problems and implications arising from the answer.

For citing references, writing bibliographies, and formatting the assignment, APA format should be followed.

**ASSIGNMENT No. 2**

This assignment is a research-oriented activity. You are required to select any trading/ manufacturing/ non-trading organization of your interest which supports you in preparing a report of about 1000 words on the topic allotted to you, to be submitted for evaluation.

Select one of the following topics according to the last digit of your roll number. For example, if your roll number is P-3427180 then you will select issue # 0 (the last digit): -

**TOPICS:**

1. History of Taxation in the Sub-Continent and Its Impact on Pakistan
2. Evolution of Pakistan’s Tax System: Key Milestones
3. Overview of Major Taxes in Pakistan
4. Adam Smith's Principles of Taxation and Their Application in Pakistan
5. Understanding the Income Tax Ordinance 2001: Key Components
6. Taxation of Salary Income Under the Income Tax Ordinance 2001
7. Taxation of Income from Property and Business in Pakistan
8. Taxation of Associations of Persons (AOPs) in Pakistan
9. Taxation of Corporate Income and Capital vs. Revenue Expenses
10. Understanding Withholding Taxes and Advance Tax in Pakistan

The report should follow the following format:

1. Title page
2. Acknowledgements
3. An abstract (one-page summary of the paper)
4. Table of contents
5. Introduction to the issue (brief history & significance of issue assigned)
6. Practical study of the organization (for the issue)
7. Data collection methods
8. SWOT analysis (strengths, weaknesses, opportunities & threats) relevant to the issue assigned
9. Conclusion (one page brief covering important aspects of your report)
10. Recommendations (specific recommendations relevant to the issue assigned)
11. References (as per APA format)
12. Annexes (if any)

**GUIDELINES FOR ASSIGNMENT # 2:**

* 1.5 line spacing
* Use headers and subheads throughout all sections
* Organization of ideas
* Writing skills (spelling, grammar, punctuation)
* Professionalism (readability and general appearance)
* Do more than repeat the text
* Express a point of view and defend it.

**TAXATION MANAGEMENT COURSE OUTLINE (8531)**

### ****UNIT 1: Understanding the Tax System of Pakistan****

**1.1.** History of taxation in Sub-Continent
**1.2.** Evolution of the tax system of Pakistan
**1.3.** Major taxes in Pakistan
**1.4.** Adam Smith’s Principles of Taxation
**1.5.** Budgets and taxation
**1.6.** Society and taxes

### ****UNIT 2: Income Tax Ordinance 2001: Heads of Income****

**2.1.** Understanding Key Components of Income Tax Ordinance 2001
**2.2.** Major terms and their definitions under Income Tax Ordinance 2001
**2.3.** Salary and its taxation
**2.4.** Income from property
**2.5.** Income from business
**2.6.** Capital gains
**2.7.** Income from other sources

### ****UNIT 3: Income from Business: Non-Salaried Individual****

**3.1.** Non-Salaried Individuals and their incomes
**3.2.** Taxation of incomes of non-salaried individuals
**3.3.** Taxation of income of traders
**3.4.** Tax credits, deductions, and set-off of losses
**3.5.** Income tax return requirements for Non-Salaried Persons

### ****UNIT 4: Income from Business: Association of Persons****

**4.1.** Forms of Associations of Persons in Pakistan
**4.2.** Incomes of AOPs in Pakistan
**4.3.** Taxation of incomes of AOPs
**4.4.** Tax credits and deductions allowed to AOPs
**4.5.** Income tax return requirements for AOPs

### ****UNIT 5: Income from Business: Companies****

**5.1.** Companies and their incomes
**5.2.** Reporting of incomes in accounting format
**5.3.** Taxation of incomes of companies
**5.4.** Understanding capital and revenue expenses and receipts
**5.5.** Adjusting accounting & taxation incomes
**5.6.** Income tax return requirement for companies

**UNIT 6: Tax Credits, Deductions, Exemptions and Loss Adjustments for Companies**
6.1. Tax credits for companies under Income Tax Ordinance 2001
6.2. Deductions allowed to companies
6.3. Understanding exemptions for companies
6.4. Rules for set-off and carry-forward of losses

**UNIT 7: Withholding Taxes & Advance Taxes**
7.1. Nature and form of withholding tax u/d Income Tax Ordinance 2001
7.2. Withholding tax on certain transactions
7.3. Schedule of withholding tax for companies and AOPs
7.4. Procedure for deduction and deposit of withholding tax
7.5. Withholding tax statement
7.6. Advance tax u/d Income Tax Ordinance 2001
7.7. Schedule of advance tax

**UNIT 8: Customs Duties Act 1969**
8.1. Customs Duties and their Forms in Pakistan
8.2. Registration requirements for importers
8.3. Rates of customs duties
8.4. Customs Authorities in Pakistan
8.5. Documents required for customs clearance
8.6. Return filing under the Customs Duty Act 1969
8.7. Exemptions under Customs Duty Act 1969

**UNIT 9: Sales Tax Act 1990 & Federal Excise Act 2005**
9.1. Sales tax and its application in the corporate sector
9.2. Registration under the Sales Tax Act 1990
9.3. Sales Tax Return Filing
9.4. Exemptions under the Sales Tax Act 1990
9.5. Excise Duties and their Forms in Pakistan
9.6. Registration requirements for various persons
9.7. Rates of excise duties
9.8. Return filing under the Federal Excise Act 2005
9.9. Exemptions under Federal Excise Act 2005

**Recommended Books (Latest Editions):**

1. Income Tax Ordinance 2001
2. Federal Excise Act 2005
3. Sales Tax Act 1990
4. Customs Duties Act 1969
5. Federal Budget, Govt. of Pakistan (Latest)
6. Business Taxation by Moazzam Ali Tarar, Azeem Academy, Lahore
7. Synopsis of Taxes in Pakistan, Mirza Munawar Hussain, Waheid Publishers, Lahore