

The Institute of Chartered Accountants of Bangladesh
Principles of Taxation

Time allowed: 1.5 Hours

Full Marks: 100

1. A. Mrs. Kishwar's taxable salary income during the year is Tk. 10,00,000 and interest income from savings certificate (sanchayapatra) is Tk. 2,00,000. Her total income Tk. 12,00,000. Her actual investment during the year is Tk.3,50,000.

Requirement:

She will get tax credit on investment allowance on_____

- a) Taka 2,00,000
- b) Taka 2,50,000
- c) Taka 3,00,000
- d) Taka 3,50,000

B. ABC Company Ltd. Is a private limited company declaring income from business Tk. 10,00,000, capital gain Tk. 10,00,000 and dividend income Tk. 10,00,000 thus total income Tk. 30,00,000.

Requirement:

Applying tax rate how much tax comes before considering TDS if any?

- a) Taka 6,00,000
- b) Taka 6,25,000
- c) Taka 6,50,000
- d) Taka 6,75,000

2. A. A Ltd. has a factory for manufacturing Shampoo. A Ltd. has imported "Sodium Laureth Sulfate", raw material of Shampoo, from China. Further, A Ltd. has also purchased empty bottles through Tax Invoice (VAT- 6.3). Taka 150,000 (one lac and fifty thousand) plus 15% VAT has been paid to B Ltd. as value of such empty bottles through different modes viz. (a) Taka 50,000 (fifty thousand) through pay order; (b) Taka 50,000 (fifty thousand) through cheque; (c) Taka 20,000 (twenty thousand) through standing instruction; (d) Taka 42,500 (forty-two thousand and five hundred) through cash; and (e) Taka 10,000 (ten thousand) through bank transfer. Subsequently, A Ltd. has taken input tax credit of Taka 22,500 (twenty-two thousand and five hundred) on such empty bottles based on Tax Invoice (VAT-6.3). Please note that A Ltd. has duly submitted Input-Output Coefficient Declaration in Form "VAT-4.3" to the respective Divisional Officer of Customs, Excise & VAT in compliance with section 32(5) of the VAT & SD Act, 2012 and rule 21 of the VAT & SD Rules, 2016.

Requirement:

Based on the above information, please confirm the input tax credit amount as per section 46 of the VAT & SD Act, 2012.

- a) Input tax credit Tk. Nil
- b) Input tax credit Tk. 22,500
- c) Input tax credit Tk. 19,500
- d) None of the above

B. HANSA, a premium residence, is a service oriented public limited company registered under HS code S001.10 and provided hotel and catering service to MNO Bangladesh Ltd. which is a withholding entity. HANSA issued an invoice of Tk. 200,000 with Mushak 6.3 challan to MNO Bangladesh Ltd.

Requirement:

What will be the withholding VDS application (ignore TDS) while making payment by MNO Bangladesh Ltd. to HANSA?

- a) Paid Tk 230,000 including 15% VAT of Tk. 30,000
- b) Paid Tk 210,000 including 5% VAT of Tk. 10,000
- c) Paid Tk 200,000 and deduct 15% VAT Tk. 30,000
- d) Paid Tk 200,000 and deduct 5% VAT Tk. 10,000

3. Income tax and VAT are..... :

- a) direct tax and indirect tax respectively.
- b) indirect tax and direct tax respectively.
- c) both direct taxes.
- d) both indirect taxes.

4. According to recent MoU with NBR, which software shall be used for authentication of audited financial statements?

- a) Document Management System (DMS)
- b) Document Verification System (DVS).
- c) Document Control System (DCS)
- d) Document System Validation (DSV)

5. In case of loss on business, how much entertainment is allowable as per Rule-65?

- a) 5% of total income
- b) 1% of total business income

- c) 5% of total shown entertainment expenses
 - d) Nil
6. When is the deadline to deposit withheld income tax?
- a) End of the month in which deduction is made
 - b) 1st week of the following month
 - c) 2nd week of the following month
 - d) End of the following month
7. Which of the following statement is correct?
- a) Bad debt is allowable expenditure but provision for bad debt is not allowable expenditure.
 - b) Provision for bad debt is allowable expenditure but bad debt is not allowable expenditure.
 - c) Both bad debt and provision for bad debt are allowable expenditure.
 - d) Neither bad debt nor provision for bad debt is allowable expenditure.
8. Which schedule of IT ordinance 1984 deals with the computation of the profits and gains of insurance business?
- a) First Schedule
 - b) Second Schedule
 - c) Third Schedule
 - d) Fourth Schedule
9. Which of the following statements is correct?
- a) Tax evasion is illegal and tax avoidance is legal.
 - b) Tax evasion is legal and tax avoidance is illegal.
 - c) Both tax evasion and tax avoidance are legal.
 - d) Both tax evasion and tax avoidance are illegal.
10. Which of the followings is the Perquisite?
- a) Basic Salary
 - b) Festival Bonus
 - c) House Rent Allowance
 - d) Overtime
11. What is the tax rate of Association of Person?
- a) 15%
 - b) Slab rate

- c) 30%
 - d) 25%
12. What will be the Tax Day for a company if its accounting year ended on 30 June 2021?
- a) 30 November 2021
 - b) 31 January 2021
 - c) 15 September 2022
 - d) 15 January 2022
13. For company tax-payer, capital gain from sale of shares of listed companies is
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- a) Taxable @5%
 - b) Taxable @10%
 - c) Taxable @15%
 - d) Tax-free
14. The loss computed under the head "Capital Gains" in excess of BDT shall be carried forward as per section 40 of the Income Tax Ordinance, 1984.
- a) 5,000
 - b) 10,000
 - c) 15,000
 - d) 20,000
15. For how many years, income tax on business income is exempted for private power generation company?
- a) 5 years
 - b) 10 years
 - c) 15 years
 - d) 20 years
16. How much time the DCT can extend the time to file tax return at his own capacity?
- a) 1 month
 - b) 2 months
 - c) 3 months
 - d) 4 months
17. At what frequency shall withholding tax return be filed with the DCT?
- a) Monthly

- b) Quarterly
 - c) Half-yearly
 - d) Yearly
18. What is the exemption limit for an individual assessee whose only source of income is agriculture ?
- a) One lakh taka
 - b) Two lakh taka
 - c) One lakh taka
 - d) Nil
19. As per section 82C of ITO, 1984 on which of the following income, no further tax is payable if tax at source deducted properly?
- a) Income from import business
 - b) Income from export business
 - c) Capital gain from sale of land
 - d) Income from winning from lotteries
20. Spot assessment is applicable for _____
- a) Individual
 - b) Firm
 - c) Association of Person
 - d) All of the above
21. In case of "Assessment in case of income escaping assessment u/s 93", a notice may be issued by the DCT if the assessee concealed the particulars of his income for any year which is within..... from the end of the assessment year for which the assessment is to be made.
- a) 5 years
 - b) 6 years
 - c) 7 years
 - d) 8 years
22. What is the threshold limit of aggregated international transaction(s) for furnishing a report from CA or CMA in connection with Transfer Pricing?
- a) One Crore
 - b) Two Crore
 - c) Three Crore
 - d) Four Crore

23. What rate may be used on income arising outside Bangladesh from any country with which there is no reciprocal agreement for relief or avoidance of double taxation?
- a) Slab rate
 - b) Average rate
 - c) Corporate rate
 - d) None of the above
24. An assessee shall not be eligible for application to ADR if he fails to-
- a) submit the return of income for the relevant year or years
 - b) pay tax payable under section 74
 - c) pay advance income tax under section 64
 - d) Either of a or b
25. No appeal shall lie against any order of assessment under section 153 if the assessee fails to-
- a) deduct applicable withholding tax
 - e) pay pay advance income tax under section 64
 - f) pay tax payable under section 74
 - b) All of the above

Write "True" of "False" in the Blank Box below:

26. Tax is a penal payment.
- a) True
 - b) False
27. Public revenue consists of tax revenue and borrowing only.
- a) True
 - b) False
28. Dividend and interest on securities are taxable when it is actually received.
- a) True

- b) False
29. Tax payment is not expenditure but VAT payment is expenditure.
- a) True
b) False
30. Every TIN holder shall have to file return of income compulsorily as per section 75.
- a) True
b) False
31. Where shall Business Identification Number (BIN) have to be used?
- a) all imports- exports
b) making any supply to a withholding entity
c) participation in any tender
d) all of the above
32. What is Tax as per new VAT Act?
- a) Value Added Tax (VAT)
b) VAT & Turnover Tax
c) VAT, Turnover Tax & SD
d) VAT, Turnover Tax, SD, and Interest, Penalty or Fine regarding realization of arrear
33. Which schedule mentions the Goods & Service with reduced or specific VAT rate?
- a) First Schedule
b) Second Schedule
c) Third Schedule
d) None of the above
34. Which formula should be used for calculation of VAT at import stage?
- a) $VAT = (Assessable\ Value + CD + RD) \times \text{rate of SD}$
b) $VAT = (Assessable\ Value + CD + RD) \times \text{rate of VAT}$
c) $VAT = (Assessable\ Value + CD + SD + RD) \times \text{rate of VAT}$
d) $VAT = (Assessable\ Value + CD + SD + RD + ATV) \times \text{rate of VAT}$
35. Which products and services shall not be treated as Input?

- a) Purchase of Raw Materials from local market;
- b) Fuel and electricity purchases of production or manufacturing purposes;
- c) Purchase of spare parts
- d) Vehicle rental and lease

36. When any person takes more input tax credit than entitlement in the return, how much shall be the penalty?

- a) BDT 25,000
- b) BDT 100,000
- c) Twice the amount of input tax taken
- d) Twice the amount of input tax irregularly taken

37. ABC Ltd. was incorporated on 20 February 2019 and turnover was as follows:

Timeline	Turnover (Tk.)	Cumulative Turnover (Tk.)
31 March 2019	Nil	Nil
30 June 2019	1,000,000	1,000,000
30 September 2019	1,200,000	2,200,000
31 December 2019	1,500,000	3,700,000
31 March 2020	2,000,000	5,700,000

During the quarter ended 31 March 2020, total turnover exceeds the enlistment threshold limit of Tk.5,000,000. What will be the Turnover tax enlistment date for ABC Ltd.?

- a) 31 March 2020
- b) 30 April 2020
- c) 30 June 2020
- d) 31 December 2020

38. XYZ Ltd. is a manufacturing company and operates its economic activities by supplying identical or similar goods from Dhaka and Gazipur office. Moreover, its factory is located at Chattogram. However, XYZ Ltd. keeps all the records centrally. What will be the registration status of XYZ Ltd.?

- a) Separate unit registration for Dhaka, Gazipur and Chattogram;
- b) Central registration for Dhaka and Gazipur and unit registration for Chattogram;
- c) Central registration for Dhaka, Gazipur and Chattogram;
- d) None of the above

39. Mr. Zohad imported a machinery where Assessment Value is Tk. 50,000, Custom Duty (CD) is 25%, Regulatory Duty (RD) is 10%, Supplementary Duty (SD) is 20%, Value Added Tax (VAT) is 15%, and Advance Tax (AT) is 5%. Calculate the Advance Tax (AT) from the following information:

- a) Tk. 12,150
- b) Tk. 6,450
- c) Tk. 13,500
- d) Tk. 4,050

40. UMPL Ltd. (a withholding entity) has an agreement with XYZ Ltd., Japan for making payment of royalty on yearly basis for using Brand name of a product in Bangladesh. As per the agreement, royalty amount is 1% of annual turnover of related product. Further, UMPL Ltd. has got an approval from BIDA for remittance of royalty. Accordingly, UMPL Ltd. has submitted all documents to its AD Bank "SCM Ltd." for remittance of royalty amount. After reviewing documents, Manager of SCM Ltd. has communicated with CFO of UMPL Ltd. and accordingly, informed that bank will deduct 15% VAT during remittance of royalty amount as per rule 3(2) of VAT Collection at Source Rules, 2019. Under the above circumstances, who will deduct the VAT at source as per the VAT & SD Act, 2012.

- a) SCM will deduct VAT at source and provide 6.6 challan to UMPL;
- b) UMPL will deduct VAT at source and provide 6.6 challan to SCM;
- c) No withholding VAT at source since the payment will transfer out of the country;
- d) None of the above;

41. Accusafe, Chartered Accountant, provides professional services to its clients in the field of auditing, taxation and advisory. Now, the concerned VAT circle asked for Mushak 4.3 Input Output Co-efficient) from Accusafe. Should Accusafe have to submit Mushak 4.3?

- a) Yes
- b) No
- c) Optional
- d) Accusafe may reply in writing to the circle that they need not to submit 4.3

42. ABC & Co. Ltd. has imported Generator from XYZ Limited, Singapore. XYZ has no operation and establishment in Bangladesh. Further, XYZ Limited has no VAT registration in Bangladesh. Whereas, XYZ Limited has given one year repair or replacement warranty after import into Bangladesh. Further, an agreement has been executed between B Ltd. and XYZ Limited, Singapore (non-resident and non-registered warrantor of imported Generator) for providing services for warranty period to Noor & Co. Ltd. on behalf of XYZ Limited. Accordingly, XYZ Limited will make payment to B Ltd. Further, B Ltd. will provide services to Noor & Co. Ltd. on imported Generator for warranty period under agreement with XYZ Limited and without charging fees to Noor & Co. Ltd. Under these circumstances, please mention the rate of VAT as per the VAT & SD Act, 2012.

- a) 15%
- b) 10%
- c) 0%
- d) None of the above

<The end>