

## M2- BUSINESS TAXATION (Managerial Level-1)

### 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

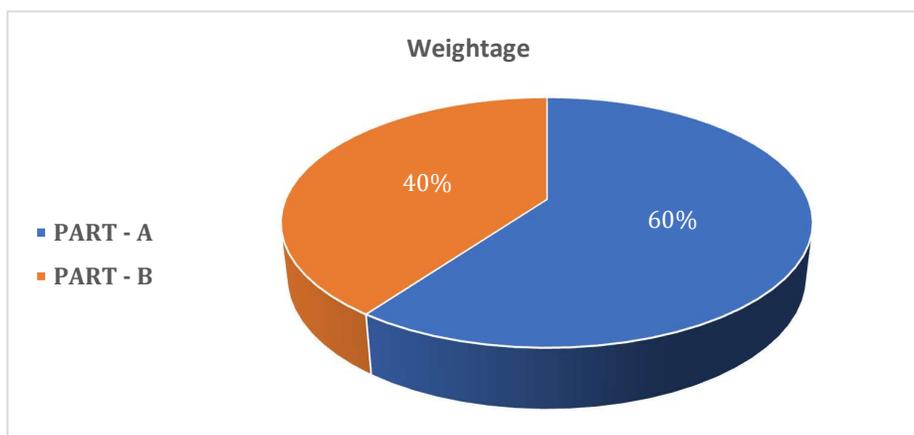
To provide the students with an in-depth knowledge of direct and indirect taxes to deal with day-to-day practical issues regarding computation of tax liabilities, taxable income, refund and filing of annual and monthly returns.

### 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

### SYLLABUS CONTENTS



### PART - A INCOME TAX

#### 1. Income Tax Ordinance, 2001

- Introduction and Definitions; (Sections 1 to 3)
- Basic Concepts (Sections 4 to 11, 74, 80 to 84)
- Computation of Tax on taxable income (Sections 12, to 40, 113,113C, 168 to 169 excluding salaries of special cases such as salary of government employees, armed forces, judges etc, and special cases such as leasing companies, modaraba, non-profit organization etc)
- Exemptions and concessions, (sections 41 to 55)
- Deductible allowances (Sections 60 to 60D)
- Tax credits (section 61 to 65G)
- Common rules, assets, principles of taxation and geographical source of income
  - Section (66 to 73)
  - Sections (75 to 79)
  - Sections (86 to 94, 98A, 98B,98C)
- Sections (101 to 101A)
- Foreign source income of residents, taxation of permanent establishment, thin capitalization, avoidance of double taxation and anti-avoidance
  - Sections 102 to 112 excluding 109A)
- Filing of returns of income (Sections 114 to 119)
- Assessment, Appeals and Audit (sections 120 to 136, 174 to 180)
- Defaults and penalties (182 to 205A including all general concepts and excluding specific rates, amounts and imprisonment).
- Collection & recovery of tax, advance tax, final tax, and withholding tax
- Sections (137 to 169, 231AB to 236CB, 236G, 236H, 236K, 236Y, 236 Z)
- Refund of tax and withholding tax (sections 170 to 171A)
- Others (sections 85, 172 to 173, 181 to 181D, 206, 206A, 207 to 230),

- Relevant schedules to the Income Tax Ordinance 2001

## **2. Income Tax Rules, 2002**

- Income tax rules relating to sections specified in Income Tax Ordinance.

## **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; (Sections 1 and 2)
- Scope and payment of tax; (sections 3 to 13, 73)
- Registration; Sections (14 to 21A)
- Book-keeping and invoicing requirements; Sections (22 to 25AA)
- Returns; Sections (26 to 29)
- Offences and penalties, appeals and recovery of arrears. Sections (30 to 40D, 45A to 48, 72B) (General concepts of offences and penalties only however, excluding detailed list of penalties)

### **4. The Sales Tax Rules, 2006**

- Sales tax rules relating to sections specified in Sales Tax Act including
- Rule 2(1) clause ii, xi, xiv, xvi, xvii, xxi, xxi-c, xxvi, xxix, xxx, xxxi, xxxii, xlvii, xlix, liv-a, lv, lx-a,
- Application and procedure for registration including:
  - Temporary registration

- Compulsory registration
- Change in particulars or transfer of registration
- Cancellation of multiple registrations
- Reasons and procedure for de-registration including filing of final return
- Situations under which credit and debit notes may be issued and adjustment on the basis of such notes
- Treatment of input tax in case of wastage or destruction of goods
- Application of formula for apportionment of input tax with the concept of provisional and final adjustments,
- Basic concepts of filing and processing of refund claims under rule 28
- Basic concepts of supply of zero-rated goods to diplomats, diplomatic missions, privileged persons / organizations including supplies made by a Tier 1 retailer,
- List of persons who can act as authorized representative including disqualifications
- Procedure and appointment of alternative dispute resolution committee
- Eligibility and procedure for issuance of electronic sales tax invoices
- Payment of Sales Tax by Retailers
- Providing Services Subject to Tax Under Provincial Laws
- Refund Claim by the Persons Engaged in Making Zero Rates, payment of sales Tax by Importers