

Daffodil International University
Faculty of Business & Entrepreneurship
Department of Business Administration
Program: BBA

Trimester: Fall 2025
 Time: 1:30 Hours
 Course Code: ACT 408
 Section: A

Examination: Midterm
 Full Marks: 25
Course Title: Business Taxation
 Teacher: MRI

Instruction: Answer all the questions

Question 01:

- (a) How would you define Advance Income Tax (AIT)? Explain the process of computing advance tax for old and new companies.
- (b) The corporate tax rate for Non- publicly traded company is usually higher than the publicly traded company. Do you think it is justifiable? Why or why not? **CLO 1 Level 2] [Marks: 3+3= 6]**

Question- 02:

Ashrafuzzaman & Associates is a partnership Firm where Mr Farhan, Mr. Ashraf and Mr. Zaman are partners in the ratio of 4:3:2. The profit and loss account for the just completed year is shown below-

Ashrafuzzaman and Associates
 Profit and Loss Statement
 For the year ended on 30th June 2025

Particulars	Amount	Particulars	Amount
Office rent	75,000	Gross Profit	19,00,000
Utilities	20,000	Share premium	2,00,000
Commission	90,000	Other Income	1,78,000
Advertising	15,000		
Miscellaneous expense	1,28,000		
Legal expense	20,000		
Depreciation expense	10,000		
Doubtful debt	3,000		
Repairs	1,24,000		
Interest on capital-Farhan-7,000			
Ashraf-7,000			
Zaman-6,000	20,000		
Salaries:			
Farhan-24,000			
Zaman- 22,000	46,000		
Net profit	<u>17,27,000</u>		
Total	<u>22,78,000</u>		<u>22,78,000</u>

Other information: Rent includes Tk 15,000 paid to Mr Ashraf who partially owns the business premises. Tk 12,000 of commission is given to Mr. Zaman for his special assignment. 25% of repairs was paid for purchasing an equipment and miscellaneous expense includes a donation of Tk 78,000 to a charitable govt. hospital. Tax depreciation was Tk. 12,000. The firm has a commercial building which has been let out for Tk. 8,50,000 per year although the Municipal value of the building is Tk. 7,20,000 per year. The firm claims some investment allowance including donation to Govt. Zakat fund Tk. 2,10,000, contribution to the Farmers Association of Bangladesh Tk. 1,75,000 and purchase of Sonchoypatra Tk. 1,25,000 in this year.

[Please see the next page]

Mr. Ashraf has no other sources of income but Mr Farhan and Mr Zaman were also partners in another firm named Qubic associates and during the year the amount of profit or (loss) from this firm includes Mr Farhan (25,000) and Mr Zaman 4,35,000.

Required:

- (i) Compute the taxable income of Ashrafuzzaman and Associates
- (ii) Compute the amount of tax liability of the firm.
- (iii) Show the amount of distributions to the partners
- (iv) Compute the amount of net tax liability of the partners [CLO 2 Level 3] [Marks: 09]

Question-03: The Profit and Loss Account of Sonali Enterprise for the year ended on June 30, 2025 is given below.

Particulars	Tk.	Particulars	Tk.
Directors' remuneration	3,46,000	Gross profit	65,75,000
Salaries and wages	5,00,052	Dividend income	3,30,000
Contribution to provident fund	108,800	Share premium	4,30,000
Rent and taxes	1,24,500	Sundry income	2,13,000
Repairs and operating expenses	77,300		
Electricity	47,500		
Insurance	38,000		
Legal expenses	14,500		
Audit fees	55,800		
Printing, stationery, & postage	1,14,600		
Compensation for staff termination	10,000		
Purchase of typewriter	55,948		
Advertisement	14,200		
Entertainment	2,07,500		
Provision for bad debt	4,400		
Depreciation	46,600		
Net profit	<u>58,52,700</u>		
	<u>75,48,000</u>		<u>75,48,000</u>

Additional Information to be considered:

Rent and taxes included VAT of Tk. 25,000 which was actually paid for importing a machine. Legal expenses were incurred for income tax appeal. Directors' remuneration includes Tk. 1,25,000 salary to the directors of the company. An old Photocopier machine was purchased during the year for Tk. 75,000 which has been included with the printing, stationary and postage. This is a trading company listed in the Dhaka Stock Exchange and Chattogram Exchange and during the year company's sales proceeds were Tk. 1, 68,00,000 although the company had to face different political and other instability. The Provident fund of the company is not recognized by NBR and the tax depreciation for the year is Tk. 63,000

Required: Examine the above statement to determine taxable income and tax liability of the company.

[CLO 3 Level 4] [Marks: 10]