

# Taxation Management (FIN623)

## Assignment # 01

**Marks: 20**

**Please read the following Instructions carefully before attempting the Assignment:**

- Last date for submission of Assignment is **May 5<sup>th</sup>, 2011**.
- You can consult the concerned topics from handouts and recommended book for the assignment.
- Read the question carefully and provide complete solution. You are required to provide complete facts and reasons. Definitions are not required.
- Make sure that you upload the Assignment before due date. No assignment will be accepted through E-mail after the due date.
- According to **ZERO TOLERANCE POLICY**, cheating or copying of assignment is strictly prohibited; **NO CREDIT WILL BE GIVEN TO COPIED ASSIGNMENT.**

**Please note that you will NOT be awarded any marks if:**

- Your solution is submitted after due date.
- The file you uploaded is corrupt or does not open.
- Your assignment is found cheated or copied.

Read the following information carefully and give the answers of the questions given at the end.

**Case # 01:**

PSO Ltd is a public company incorporated under the Companies Ordinance, 1984, whose shares were traded on the Karachi Stock Exchange from 1 January 2008 until 29 June 2009, on which date the company was delisted. PSO closes its accounts on 30 June each year. 49% of the shares in PSO are held by the Government of the Kingdom of Saudi Arabia and 51% by the Federal Government of Pakistan. The control and management of the affairs of PSO was situated partly in Saudi Arabia during the year ended 30 June 2010.

**Required:**

State, giving reasons, whether for Pakistan tax purposes for the tax year 2010 PSO Ltd:

1. Is a resident or a non-resident company?

**Case # 02:**

Mr Waqas, a resident of Pakistan, derived the amounts as under in the tax year 2010:

1. Rs. 1,000,000 from crops grown on his agricultural land situated in Canada.
2. Rs. 1,500,000 gross, received from the poultry farm he established in June 2010 in Rawalpindi.
3. Rs. 1,000,000 from the deposit of a prospective buyer of his flat, forfeited by Mr Waqas when the buyer failed to fulfill the terms of the contract for the sale of the flat.

**Required:**

State, giving reasons, whether the amounts received by Mr Waqas will be taxable or exempt for the tax year 2010, based on the Income Tax Ordinance, 2001.