

### Question 01

**Ramya**, a resident individual is employed as the chief Legal Officer of a finance company. She is divorced from her husband in the year 2012 and their daughter **Sanuthi**, born on 29<sup>th</sup> June 2006 is living with her and looked after by her. The following information relating to **Ramya** is provided in respect of the year of assessment 2015/16 (hereinafter referred to as the 'year').

- (1) She has received a gross salary of Rs.200,000/- per month.
- (2) She was provided with a motor car (1,300 CC) with a driver and fuel for her official and private use and she did not pay the employer for the private use. The company does not maintain running records for this car.
- (3) The company bears her mobile phone bills and has reimbursed Rs.32,000/- during the year.
- (4) The company has a medical scheme and the company has reimbursed an amount of Rs. 140,000/- during the year in respect of the medical expenses of her daughter.
- (5) PAYE deducted for the year was Rs.168,960/-.
- (6) She lives with her daughter in an apartment purchased by her. The rating assessment of that apartment is Rs.240,000/- and rates are paid at 30%.
- (7) **Ramya** has rented out her house which was received as a gift from her late father at a monthly rent of Rs.35,000/-. The cost of repairs borne by **Ramya** during the year was Rs. 265,000/-. Rating assessment of the house is Rs.160,000/- and rates are paid at 20%.
- (8) Interest received for the year on a fixed deposit was Rs.250,000/- and withholding tax has been deducted on the interest at the rate of 2.5%.
- (9) **Sanuthi** has a minor's savings account and she has received a gross interest income of Rs.18,000/- for the year.
- (10) **Ramya** has given a loan of Rs.100,000/- to a friend and she has received Rs.120,000/- as the repayment of loan during the year.
- (11) She won a cash prize of Rs.400,000/- from a lottery during the year. Rs.50,000/- from the lottery prize has been donated to "Api Wenuwen Api" fund.
- (12) **Ramya** has obtained a loan of Rs.200,000/- from her bank to repair the house given on rent. She has paid Rs.22,250/- and Rs.75,750/- during the year as interest and capital repayments respectively for the loan.
- (13) She has donated Rs.50,000/- worth of paint to re-paint a ward of the National Hospital, Colombo
- (14) Tax paid on self-assessment basis was Rs.20,000/-.

From the foregoing information,

**You are required to:**

**Assess** the following for **Ramya** for the year of assessment 2015/16.

- (a) Taxable income,
- (b) Gross income tax payable,
- (c) Balance tax payable, and,
- (d) Exempt Income, if any.

(25 marks)

### Question 02

**Jubilee Foods (Pvt) Ltd.** is a company engaged in the business of manufacturing and buying and selling of food items. The following information was extracted from the books of the company for the quarter ended 31<sup>st</sup> March 2016:

- (1) Turnover of the company is as follows:

	Rs.
Products Manufactured by the company	1,250,000
Products locally purchased by the company	3,895,000
	<b>5,145,000</b>

- (2) The company has paid Nations Building Tax (NBT) amounts as follows:

	Rs.
On imported raw materials	11,250
On office expenses	6,540

- (3) Rs.26,000/- has been paid as monthly installments of NBT for the quarter ended 31<sup>st</sup> March 2016.

**You are required to:**

- (a) **Assess** the balance amount of Nation Building Tax payable for the quarter ended 31<sup>st</sup> March 2016. (08 marks)
- (b) **State** the due date for submitting Nation Building Tax return for the quarter ended 31<sup>st</sup> March 2016. (02 marks)
- (Total 10 marks)

### Question 03

**Agri Seed (Pvt) Ltd.** is a leading seed production company. The company produces seeds in Sri Lanka as well as imports seeds from foreign countries. **Agri Seed (Pvt) Ltd.**, had an adjusted tax loss in the previous year of assessment and the following information is relevant to the quarter ended 31<sup>st</sup> March 2015:

	Rs.
Sale of Seeds - produced by the company	54,650,000
Sale of Seeds – imported	12,650,000
Sale proceeds on office equipment	2,225,000
Interest income	750,000
	<b>70,275,000</b>

**You are required to,**

**Assess** Economic Service Charge (ESC) payable by **Agri Seed (Pvt) Ltd.** for the quarter ended 31<sup>st</sup> March 2015. (05 marks)

#### **Question 04**

On completion of diploma in graphic designing, **Saman** commenced his own business on 01<sup>st</sup> May 2013. He entered into an operating lease agreement to pay Rs.60,000/- as a lump sum payment and Rs.15,000/- per month for 5 years from 01<sup>st</sup> May 2013. He has prepared the following income statement for the year ended 31<sup>st</sup> March 2014.

	Rs.	Rs.
<b>Income:</b>		
Gross Revenue		1,120,000
Interest income on savings account		3,650
Total income		1,123,650
<b>Less: Expenses</b>		
Rent paid for one year	180,000	
Rent - lump sum payment	60,000	
Purchase of a computer	150,000	
Purchase of imported software	25,000	
Electricity, office maintenance	15,000	
Stamp duty on Lease agreement	9,000	
Donation	3,000	442,000
<b>Net Profit</b>		<b>681,650</b>

**You are required to:**

**Assess** the Statutory Income (profit or loss) of the business for tax purposes for the year of assessment 2013/14. (10 marks)

#### **Question 05**

**Sooriya (Pvt) Ltd.** is a company incorporated in Sri Lanka. The income tax payable by the company for the year of assessment 2012/13 was Rs.1,400,000/-.

**You are required to:**

- Identify** the due dates for the payment of income tax for the year of assessment 2013/14, under the self assessment scheme.
- State** the minimum tax payable for each quarter in order to avoid a penalty.

*(Assuming that the tax payable for the year of assessment 2013/14 will be more than Rs.1,400,000/-.)*

(05 marks)

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**Question 06**

**Vanamal (Pvt) Ltd.** is a VAT registered company engaged in manufacturing artificial flower arrangements.

The following financial information of the company is given for the quarter ending 31<sup>st</sup> March 2014.

- (1) All the figures given below are exclusive of VAT, unless otherwise stated:

	<b>Rs.</b>
Revenue:	
Sales to local market	12,200,000
Direct Exports	15,775,000
Sales made to exporters as suspended supplies	10,625,000
Sale proceeds on sale of a machine (inclusive of VAT)	10,640,000

- (2) Input VAT

	<b>Rs.</b>
On imports	519,175
On material purchases from local suppliers registered for VAT	1,585,200
On lease rentals paid for car used for travelling	64,800

- (3) The company has received Simplified VAT Credit Vouchers (SVCV) amounting to Rs. 1,275,000/- in respect of suspended supplies made.

**You are required to,** compute the Value Added Tax (VAT) payable for the quarter ended 31<sup>st</sup> March 2014. (15 marks)