

PILOT PAPER – 2023-2027 SYLLABUS

ML3.4 Corporate Law & Advanced Taxation (Advanced Taxation)

Managerial Level

Practice Examination – Part I

Q. No	Answer
1	C
2	B
3	B
4	C
5	C

Practice Examination – Part II

Question No. 01 - each question 02 marks in maximum, total 10 marks - Segment A

- Identify how Parul International (Pvt.) Ltd can adjust the loss brought forward to the year of assessment 2022/2023. **Answer C**
- What is the amount of interest allowed to claim for the year of assessment 2022/2023: (Rs.)

516543
- What is the amount of improvements allowed to claim for the year of assessment 2022/2023: (Rs.)

1250000
- What is the Capital Allowance shall be claimed on delivery van for the year of assessment 2022/2023: (Rs.)

1,788,667
- What is the income tax payable by Parul International (Pvt.) Ltd for the year of assessment 2022/2023: (Rs.)

4016438

Question No. 02- each question 02 marks in maximum, total 10 marks - Segment B, C & D

5. Help Aruni to select which of the following are true and which are false.

Description	True/False
Corporate Societies are liable to pay Financial VAT.	False
The Exchange of Currencies is a financial service liable for VAT.	True
Financial VAT Returns shall be filed every three months.	False
To apply for RIP status the zero-rated supply shall be exceeding.	True
50% of the total supply.	True

6. What is the penalty Mr. Sanath shall pay for non-filing of his income tax return for the of assessment 2022/20: **Answer E**

7. Identify where Mr. Sanath has to appeal on the following situation.

Situation	Place to Appeal
Sanath earned Rs.1,150,000/- income for the year of assessment 2022/2023. However, Assistant Commissioner issued an assessment for the estimated income of Rs.11,250,000/-.	Appeal to Board of Review
Sanath is not satisfied with the decision given after hearing his appeal for the above situation.	Appeal to Tax Appeal Commission

8. What is the income tax payable for the year of assessment 2022/2023: (Rs.)

3780000

9. What is the remittance tax paid for the year of assessment 2022/2023: (Rs.)

1699075

Practice Examination – Part III

Question 01 - Total 10 marks – Segment A

1. Review the tax computation and prepare the correct tax computation and tax payable, given the reason for correction. (Use the below format).

ATM Global Pvt. Ltd			
Computation of Income Tax Payable for the Year of Assessment 2022/2023			
	(+)	(-)	Remarks/Notes
Assessable income from business	218,500,000		
Assessable income from investment	2,160,000		
Depreciation			
Capital Allowance			
Donation			
Gratuity	2,150,150	1,543,675	Provision not allowed and payment allowed
Advertising		4,087,758	5,450,345*75%. Fully allowed
Research and Development Expenses			
Doubtful debts			
Penalty			
Entertainment expenses	850,160		Not allowed
Other Expenses			No adjustment need for VAT
Interest income		2,160,000	FCBU interest is exempted
Dividend			
	223,660,310	7,791,433	
		215,868,877	
Adjusted Business Profit/(Loss)			
Less: Qualify Payments			
Donation to approved charity			
Donation to government/government institution/fund			
Other donations		-	Payment made for CSR Program not an qualify payment
Deductible donations			
Taxable Profit/(Loss)		215,868,877	
Gross Tax Payable		64,760,663	Applicable rate 30%
Less: Tax Credits			

Self-Assessment Payment			
WHT		-	
Balance Tax Payable/(Refund)		64,760,663	

Question 02 - Total 10 marks – Segment B

2. Calculate the balance VAT payable for the quarter that ended 31st March 2023.

ATM Global Pvt. Ltd				
Computation of VAT Payable for the quarter ended 31.03.2023				
Out Put Tax	Value of Supply	Rate	Tax	Remarks/ Notes
Liabe Supply	180,993,679	15%	27,149,052	165,657,890+ 6,085,789 + 9,250,000
Excluded Supplies				
Exempted Supplies	35,150,000			Invoice and settlement in LKR by foreign client
Wholesale and Retail Taxable Supplies				
VAT Suspended Taxable Supplies	45,355,678	15%	6,803,352	39,125,678+ 6,230,000
Zero Rated Supplies	45,300,450	0%	-	35,150,450+ 10,150,000
Total Output Tax	306,799,807		33,952,404	
Input Tax				
VAT Liabe Imports	130,028,305	15%	19,504,246	110,865,000+ 5,120,345+ 548,950 1,258,120+ 12,235,890
Local Purchases on which VAT is not charged				
Goods Purchased from Non VAT Registered Persons				
Other supply	2,120,560	15%	318,084	MD's vehicle repair
VAT Exclude purchases	3,150,900		-	Electricity
	132,148,865		19,822,330	
Disallowable Input Tax on Imports				

Adjustments				
Disallowable Input Tax Other Purchases			2,271,041	(35,150,000/ 306,799,807)* 19,822,330
Disallowable Input on non-business transactions			318,084	
Allowable Input Tax Excluding B/F Amounts			17,233,205	
Brought Forward Input Tax			12,678,920	
Allowable Input Tax			29,912,125	
Zero Rated Supplies/Suspended Supplies/22(7)			5,751,138	17,233,205* (45,355,678+ 45,300,450)/ 271,649,807
Not belongs to above			24,160,987	100%
Allowable Input			29,912,125	
Unabsorbed Excess Input Tax			-	
Gross VAT payable			4,040,279	
Less: Installment Payment	1,678,345			
SVAT Credit Vouchers	6,803,352			
Total Tax Credits			8,481,697	
Balance VAT Payable				
Balance VAT Refund			4,441,418	

PILOT PAPER – 2023-2027 SYLLABUS

ML3.4 Corporate Law & Advanced Taxation (Corporate Law)

Managerial Level

ANSWER KEY

Practice Examination – Part I

Q. No	Answer
1	C
2	D
3	B
4	C
5	D

Practice Examination – Part II

Question 01 - Each question 02 marks in maximum, total 07 marks - Segment A

1. What is the type of company that best suits Rane's business: **Answer B**
2. Which of the following statements correctly contains documents needed by Rane for incorporation: **Answer B**

3. Which of the following statements made by Rane is true regarding companies:

	Statement	True/False
a	Rane thinks a single-shareholder company has only one share, which is held by one person.	False
b	Rane thinks companies that are duly incorporated by law receive a certificate of registration and a company number.	False
c	Rane thinks it is compulsory to state the objects of the business in the Articles of Association, and it will be a restriction on business operations.	False
d	Rane thinks one director is enough to incorporate a private limited company, and it cannot be a body corporate.	True

4. Which of the following statements is INCORRECT regarding Rane’s agreement with “Digi-Tale”: **Answer B**

Question 02 - Each question 02 marks in maximum , total 08 marks - Segment B

5. Which of the following is NOT a difference between a share and a debenture: **Answer B**

6. Which of the following statements is correct regarding Ma-Ney’s 51% shareholding in a public limited company: **Answer A**

7. Which of the following statements are true regarding Ma-Ney’s 30% debenture holding in the public limited company:

	Statement	True/False
a	Ma-Ney has 30% voting rights in the company over his debenture holding.	False
b	Ma-Ney is entitled to the interest payment until the principal sum (30%) is paid back.	True
c	Ma-Ney is a creditor to the company and he is entitled to be paid the principal sum at a specified date.	True
d	Ma-Ney can convert his debentures into shares while he can also convert his shares in the same company into debentures.	False

8. What is the most suitable action available to Ru-One against Ma-Ney: **Answer B**

Question 03 - Each question 02 marks in maximum, total 07 marks - Segment C

Q. No	Answer
9	D
10	D
11	B&D
12	B
13	A

Question 04 - Each question 02 marks in maximum, total 08 marks - Segment D

14. What is the most appropriate method of winding-up of the above company: **Answer C**

15. Match the definitions and write appropriate letter in the box.

	Term	Rank	Definition
A	Compulsory winding-up	B	Possible when the company is solvent and upon certification by directors on the same and will be able to pay debts.
B	Member's winding-up	C	Possible when the company is or will be insolvent & unable pay its debts in full.
C	Creditor's winding-up	D	Possible to wind-up the company by passing an ordinary resolution subject to declaration of solvency of board of directors.
D	Voluntary winding-up	A	Possible after application for winding-up by way of a petition to the court subject to a special resolution passed by members.

16. Rank the priority of distribution assets during liquidation.

1.Equity shareholders	4
2.Unsecured creditors	3
3.Liquidation expenses	2
4.Secured creditors	1

17. Which of the following statements is NOT a case for compulsory winding-up: **Answer B**

Practice Examination – Part III

Exam Structure

- One Structured Questions.
- Each containing a case that relates to one or more requirement(s).
- Answers are required to be provided in a spreadsheet in the given format.
- 10 marks in total.

Question 01- Total 10 Marks - Segment A, B, C & D

1. Calculate balance sheet limb of the solvency test according to the Companies Act, No. 07 of 2007 and write whether the proposed dividend should be declared. (Imagine liquidity limb is satisfied).

Total Assets > Stated Capital + Total Liabilities

530,000 > 100,00 + 110,000

530,000 > 210,000

Balance Sheet limb is passed; therefore, dividends declaration is possible.

2. Can “Honey-Pot” become the secretary of “Red-Cloud”? Select TWO answers. **Answer A&C**

3. Explain duties breached by “Honey-Pot”.

Duty to make sure your company is legally compliant.

Duty to file annual return as per the Companies Act

4. Can “Scorpio” become the auditor of “Red-Cloud”? Select TWO answers. **Answer A&C**

5. Explain duties breached by “Scorpio”.

Duty to avoid conflict of interest.

Duty to be independent and impartial.
