

UNIVERSITY OF COLOMBO, SRI LANKA
FACULTY OF LAW
MASTER OF LAWS DEGREE PROGRAMME 2022/24
END SEMESTER (REPEAT) EXAMINATION - 2024

(Law of Taxation – LLM 2184)
(Three Hours)

Total number of questions:04

Answer any **Three** questions

(Candidates will be penalized for illegible handwriting)

01. 'A well-prepared tax policy should result in less pressure on the people and more tax revenue to the nation'. Discuss the importance of a tax policy formulated under the right principles in view of the current economic problems in Sri Lanka.

(100 marks)

02 Z-Lock Computers & Communication is a private business owned by Raja Singham in Kottawa. He is the sole owner of this business. He earns about Rs. 3,000,000/- annually from this business. Recently, by selling 10 old computers, 5 Laptop Computers, steel equipment and wooden goods that belonged to this business, he received an income of around Rs. 1,000,000/-. Raja also won a prize of 500,000/- , from a lottery draw conducted by the Kottawa Trade Association. In his business, he also conducts a consulting service on the installation and repairs of computer spare parts, for which he earns Rs. 400,000/- monthly, as service charges. Further, from the fixed deposit in Mr. Raja's bank, he gets Rs. 20,000/- as monthly interest. He also gets Rs. 1,500,000/- as dividend from the ABC Company, where he has bought shares.

Discuss the income earned by Mr. Raja Singham for the assessment year 2022/2023 with reference to the provisions of the Inland Revenue Act (amended) No.24 of 2017 and decided cases.

03. Answer **Both A and B** Parts.

(a) Compare and contrast the legal provisions of the Inland Revenue Act (amended) No.24 of 2017 and decided cases applicable in respect of the income tax liability of a partnership, a company and a trust.

(50 Marks)

- (a) It is the general rule to deduct exemptions and expenses incurred in earning income while calculating income tax under the Income Tax Law of Sri Lanka. Discuss the deductible and non-deductible expenses under the Inland Revenue Act (amended) No.24 of 2017 with reference to the provisions of the Act and the case law.

(50 Marks)

04 Answer both A and B Parts

- (a) Preparation of income tax returns at the right time and in the right manner as well as income tax estimation is a fundamental part of proper tax administration. The Act provides for the procedure to be followed in this regard, as well as for when returns are not prepared according to the proper procedure. Discuss the validity of this statement.

(50 Marks)

- (b) The Act clearly lays down the appeal procedure if any taxpayer is dissatisfied with a tax assessment prepared. Primary appeals can be made to the Commissioner and to the Tax Appeals Commission. Discuss the powers vested in those authorities with reference to the statutory provisions and case law.

(50 Marks)
