

Strategic Level Exam – December 2025

Corporate Taxation – Question bank 1

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– PIM USJP

Question 1

Ms. Samadhi, working as Chief Executive Officer for a reputed Manufacturing Company in Sri Lanka. The following information and details are provided by Ms. Samadhi for the Year of Assessment 2024/25.

1. Monthly Basic Salary is Rs. 500,000/-.
2. Travelling allowance (monthly) Rs. 75,000/-.
3. Company has provided a motor Car with fuel. Company has not maintained proper records for the vehicle.
4. Company has reimbursed her telephone bills for the year, which was Rs. 50,000/-.
5. In addition to above, company has provided furnished house to her. Rating assessment of the house is Rs. 200,000/- and company paid rates at 20%.
6. Company has provided health insurance coverage for all full-time employee. Every employee is entitled for the insurance benefits as per the scheme introduced for each category of employment. According to the experience and qualification, Ms. Samadhi is in the carder category of branded No. 04. Company made monthly insurance premium of Rs. 10,000/- for each employee ranked under Band 04.
7. Ms. Samadhi has followed a Special Degree course “master’s in business finance”. Total cost of the course was Rs. 750,000/-. Company has reimbursed total cost during the year.
8. It is the Company policy, that is paying a bonus payment of 3-month basic salary for Band 04 employee. Bonus is paying after a performance review and it is paid at the month of June of every year. Accordingly, company has paid her Rs. 1,425,000/- as bonus for the year 2024/25. This payment was made at the month of June 2025. Bonus for the year 2025/26 will be paid on June 2026.
9. Company is contributing 12% to Employee’s Provident Fund and 3% to Employee’s Trust Fund on basic salary of every and each employee.
10. Company has a staff loan scheme for their all employees to facilitate employee’s domestic needs. The facility is providing at a concessionary service fee of 4%. As per the scheme brand 04 category employees are entitled for a facility equal to 5 times of gross salary. Ms. Samadhi has obtained a loan of Rs. 2,500,000/- on 01.04. 2025.

Required:

Assess the assessable of Ms. Samadhi in respect of the Y/A 2025/26.

(10 marks)

Question 2

Ms. Sandali , working as Chief Financial Officer for a reputed Software Developing Company in Sri Lanka. After working 25years she has retired from the company in the month of 01st June 2025. The following information and details are provided by Ms. Sandali's tax consultants for the Year of Assessment 2025/26.

1. Monthly Basic Salary is Rs. 1,500,000/-.
2. Travelling allowance (monthly) Rs. 175,000/-.
3. Company has provided a motor Car with fuel. Company has not maintained proper records for the vehicle.
4. Gratuity received Rs. 18,750,000/-
5. Ex gratia payment Rs. 5,000,000/-
6. She was transferred the motor vehicle provided to her by the company. Cost of the motor car was Rs.25,000,000/-. At the time of the transfer valuation made for the car for insurance and other purposes was Rs. 35,000,000/-.
7. Total ETF amount was Rs. 950,000/- which represented contribution of Rs. 825,000/- and interest accrues after 01.04.1987 of Rs. 125,000/-.
8. Amount received from EPF was Rs. 6,200,000/- Contribution made by the employer was Rs. 3,300,000/- and members contribution was Rs. 2,200,000/-. Balance represented the interest income.

Required:

Assess the assessable of Ms. Sandali and concession/exempted income available for tax purposes if any in respect of the Y/A 2025/26.

(07 marks)