

USN

Fourth Semester MBA Degree Examination, Dec.2019/Jan.2020
Tax Management

Time: 3 hrs.

Max. Marks:100

SECTION - A*Note : Answer any FOUR questions from Q.No.1 to Q.No.7.*

- 1 What do you understand by Tax Evasion? (03 Marks)
- 2 What is slump sale? (03 Marks)
- 3 What is MAT? (03 Marks)
- 4 Write short notes on Business and Profession. (03 Marks)
- 5 List any six assets which are not considered as capital assets. (03 Marks)
- 6 What is CENVAT? (03 Marks)
- 7 State the conditions laid down under section 40 (b). (03 Marks)

SECTION - B*Note : Answer any FOUR questions from Q.No.1 to Q.No.7.*

- 1 Mr. Peter, an American citizen has been visiting India for a period of 102 days every year since 2006-07. During the previous year 2017-18 also he visited India for the same period. What is his residential status for the AY 2018-19? (07 Marks)
- 2 Z, an employee of X co Ltd., Received Rs.78,000 as gratuity. He is covered by the payment of gratuity Act 1972. He retires on December 12, 2017 after rendering for service of 38 years and 8 months. At the time of retirement his monthly basic salary and dearness allowance was Rs.2400 and Rs.800 respectively. Is the entire amount of gratuity exempt from tax? (07 Marks)
- 3 List any seven incomes which are taxed, under the head 'Income from other sources'. (07 Marks)
- 4 WDV of machinery as on 1.4.2017 (Rate of depreciation @ 15%) Rs.5,00,000 New machinery purchased on 31-12-2017 having same rate of depreciation Rs.1,00,000. Compute the depreciation for AY 18-19. (07 Marks)
- 5 What are the salient features of GST? (07 Marks)
- 6 How do you classify a capital gain as short term and long term capital gain? (07 Marks)
- 7 Mr. Srikanth (Age 51 years) made following contribution during the previous year 2017-18. Find out the amount deductible U/S 80C.
 Insurance premium on own life Rs.20,000 (sum assured 1,50,000) policy purchased on 10-4-2017.
 Insurance premium on life of mother Rs.3800.
 Insurance premium on the life of his wife Rs.20,000 (sum assured Rs.80,000).
 Contribution to PPF Rs.50,000.
 Tution fee of Srikanth's son Rs.15,000. (07 Marks)



SECTION - C

Note : Answer any FOUR questions from Q.No.1 to Q.No.7.

- 1 X, an employee of ABC (P) Ltd, posted at Ajmer (population : 18 lakh), draws Rs.3,00,000 as basic salary Rs.10,000 as dearness allowance (forming part of salary for all retirement benefits) and Rs.5000 as commission. Besides, the company provides a rent free unfurnished accommodation in Ajmer. The house is owned by the company. Fair rent of the accommodation is Rs.50000 PA. Determine the taxable value of the perquisite for the AY 2018-19. (10 Marks)
- 2 For the assessment year 2018-19, Mrs, X (29 years) a resident individual gives the following information:
- Short term capital gains which satisfies conditions given in para 104.3 (ST) – Rs.1,27,000.
 - Other income – 2,03,000.
 - Amount deductible U/S 80 G – 1000.
 - PPF contribution – 6000
- Calculate the tax liability of Mrs.X for the AY 2018-19. (10 Marks)
- 3 Elucidate the provisions of section 10A of Income tax. (10 Marks)
- 4 Briefly discuss set-off and carry-forward of losses. (10 Marks)
- 5 From the following profit and loss A/C of a firm, calculate (i) Book profit (ii) Remuneration (iii) Taxable income

Profit and Loss A/C			
Particulars	Amount	Particulars	Amount
Remuneration to partners :		Sales	5,00,000
X	25,000		
Y	30,000		
Z	40,000		
Interest to partners @18%:		House property income	50,000
X	14,000		
Y	21,000		
Z	7,000		
Expenses related to other heads of income	6,000		
Net profit	4,07,000		
Total	5,50,000	Total	5,50,000

- 6 From the following calculate income from salary of Mr. Vijay who is working in X. Co(P) Ltd. (10 Marks)
- Basic salary – Rs.50,000 PM
 DA – Rs.30,000 PM
 Bonus – Rs.1,00,000
 CCA – Rs.1,500 PM
 EA – Rs. 6,000
 Education allowance – Rs. 8000 PM (for his 2 children)
 Hostel allowance – Rs.10000 PM (for his 2 children)
 Academic research allowance – Rs.25000(Actual spent Rs.50000)
 HRA – Rs.20,000 PM (Rent paid Rs.12,000 PM)
 Conveyance allowance for official purposes Rs.3000 PM. Assuming DA as forming part of salary. (10 Marks)

Briefly explain any 5 deductions which are available to a salaried individual U/S 80C to 80U.

SECTION - D
CASE STUDY – [Compulsory]

8 Mr. Sudheer is a owner of departmental store at Bangalore. From the following P and L A/C calculate income from business.

Particulars	Rs.	Particulars	Rs.
To Opening stock	3,60,000	By Sales	40,00,000
To Purchase	35,00,000	By Closing stock	4,50,000
To Salaries and Wages	1,00,000		
To Rent and Rates	50,000		
To Commission	30,000		
To Household expenses	18,000		
To Income tax	45,000		
To Advertisement	10,000		
To Postage & telegram	14,000		
To Interest on Own capital	8,000		
To Reserve for future losses	5,000		
To Depreciation on furniture	1,000		
To Net profit	3,09,000		
	44,50,000		44,50,000

- Opening stock is undervalued by 10% and closing stock is overvalued by 10%.
- The amount of household expenses includes a contribution of Rs.7,000 towards PPF.
- Depreciation according to IT rules Rs.500.
- Salary and wages included Rs.12,000 being entertainment allowance paid to employees.

(20 Marks)
