

CBCS SCHEME

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16/17MBAFM403

Fourth Semester MBA Degree Examination, July/August 2022

Tax Management

Time: 3 hrs.

Max. Marks:80

Note: 1. Answer any FOUR full questions from Q.No.1 to 7.
2. Q.No. 8 is compulsory.

- 1 a. What is Gross Total Income? (02 Marks)
b. Write a short note on (i) Tax Evasion (ii) Tax Avoidance (iii) Tax planning. (06 Marks)
c. What is the residential status of Mr. Robert (Foreign Citizen) for the Assessment year 2021-22, who was in India as follows:

Previous year	Presence in India
2020-21	182 days
2019-20	55 days
2018-19	28 days

(08 Marks)

- 2 a. Define perquisite under I.T. Act. (02 Marks)
b. Ms. Bhoomika resides in Kolkata, during the P.Y. 2020-21.

She gets Rs.12000 p.a. as basic salary. She gets DA at 20% of basic salary (enters for all retirement benefits). She has also received a commission of Rs.15,000 (calculated at 2% on turnover achieved by her). HRA received by her is Rs. 11,800 p.a. but rent paid is Rs. 14,800 p.a.

Calculate the taxable HRA for the A.Y. 2021-22.

(06 Marks)

- c. Mr. M is an Area Manager of M/s. N Steels Ltd. During the PY 2020-2021. He gets following emoluments from his employer:

Basic Salary Upto 31.08.2020 – 20000 p.m.

From 01.09.2020 – 25000 p.m.

Transport Allowance Rs. 2000 p.m.

Contribution to Recognized Provident Fund – 15% of Basic Salary and DA.

Children Education Allowance – Rs. 500 p.m. for two children.

City Compensatory Allowance – Rs. 300 p.m.

Hostel Expenses Allowance – Rs. 380 p.m. for two children.

Tiffin Allowance (Actual Expenses Rs.3700) – Rs.5000 p.a.

Tax paid on employment – Rs. 2500.

Compute Taxable salary of Mr. M for the Assessment year 2021-22.

(08 Marks)

- 3 a. State the conditions for taxing income under the head house property. (02 Marks)

b. Mr. Laxman Saha retires from service on 30.11.2020 and is in receipt of Rs.3000 p.m. as pension, upto 31.01.2021. On 01/02/2021, he gets 2/3rd of his pension commuted for Rs. 1,20,000. Compute Taxable Pension. (06 Marks)

c. Mr. Sumanth (resident) is employed at a salary of Rs.6,200 per month. He is also getting DA of Rs.2800 per month. He received Rs.5000 as bonus. On 30.05.2020, he retired from his service. He had service of 29 years and 5 months. He received Rs.200000 as gratuity under the payment of Gratuity Act. Compute his taxable gratuity for the Assessment year 2021-22.

(08 Marks)

- 4 a. What do you mean by Profession U/S 2(36) of I.T. Act? (02 Marks)
- b. X Ltd. owns 2 plants: Plant A and Plant B. On 1/4/2020 (rate of depreciation 15%, WDV on 1/4/2020 Rs.2,37,000). The company purchases plant C on 31/5/2020 for Rs.20,000 and company sells plant A (10/4/2020), Plant B (12/12/2020) and Plant C (1/3/2021) for Rs.10000, Rs.15000 and Rs.24000 respectively. Find out depreciation amount of the block. (Company is not eligible for additional depreciation). (06 Marks)
- c. From the following particulars, compute the Business Income of Mr. Satyam:

Particulars	Rs.	Particulars	Rs.
To Salaries	90000	By Gross Profit	450000
To Rent	20000	By Dividend	4000
To Service charges	4000	By Bad debts Recovered (Allowed earlier)	4400
To Legal Expenses	5000	By Interest on Post Office Savings Bank	1200
To Reserve for Income-tax	6000		
To Depreciation	12000		
To Expenses on acquisition of Patent rights	56000		
To Office Expenses	42000		
To Contribution of RPF	12000		
To Bad debts	4500		
To Donation by Cheque	2500		
To Net Profit	205600		
	Rs. 459600		Rs. 459600

Other Information:

- (i) Legal Expenses include Rs.2000 incurred by the assessee for defending a Criminal Case against him.
- (ii) Depreciation of the year on the assets other than patent rights is Rs.16,900.
- (iii) Contribution to RPF included Rs.2000 not paid till the due date of filing the return of income. (08 Marks)
- 5 a. What is Indexed Cost of Acquisition? (02 Marks)
- b. List any six incomes which are taxed under income from other sources. (06 Marks)
- c. Briefly explain Set off and Carry forward of Losses. (08 Marks)
- 6 a. What is GST? (02 Marks)
- b. Mr. Manik purchased a plot in 2004-05 for Rs.2,00,000. It was sold on 15/1/2021 for Rs.20,00,000 and he paid Rs.3,00,000 as brokerage charges. He invested Rs.1,00,000 in NHAI bonds and Rs.2,10,000 in bonds issued by REC Ltd. Compute his taxable Capital Gain, if CII: 2004-05 = 113 ; 2020-21 = 301. (06 Marks)
- c. Mr. Prasanna sold his residential house on 1/1/2021 for Rs.35,06,000 which he had purchased in 2001-02 for Rs.2,00,000. He spent Rs.6,000 for sale of the house. He also spent Rs.1,50,000 on the construction of new house and deposited Rs.1,00,000 under Capital gains account scheme on 28-3-2021. The CII for 2001-02 and 2020-21 are 100 and 301 respectively. Compute taxable capital gains for the assessment year 2021-22. (08 Marks)

- 7 a. What is Customs Duty? (02 Marks)
 b. The Profit and Loss Account of a chartered Account Firm for the year ending 31st March 2021 is as follows:

Profit and Loss Account

Particulars	Rs.	Particulars	Rs.
To Office Expenses	75,000	By Audit Fee	65,000
To Depreciation	35,000	By Consultation Fee	62,000
To Interest on Capital of Partners	8,000	By Net Loss	58,000
To Remuneration to Partners	67,000		
	1,85,000		1,85,000

Additional Information :

- (i) Out of expenses of Rs.80,000, Rs. 16,000 is not deductible U/S 37(1) and 43(b)
 (ii) Depreciation allowable under section 32 is Rs. 37,000.
 (iii) Interest to the extent of Rs.800 is not deductible U/S 40(b).

Compute the Book Profit of the firm.

(06 Marks)

- c. Mr. K. Bajaj lives in Bhopal. He is a lawyer and his Receipts and Payment Account is as follows:

Particulars	Rs.	Particulars	Rs.
Opening Balance	1892	Books Purchased	800
Fees Received	240000	Repairs of House	1200
Salary as a Part-time Lecturer	21600	Local taxes@ 10%	600
Exam. Remuneration from University	2300	Maintenance of car	2000
Interest on Bank Deposit	1200	Office Expenses	4000
Shares Sold	16000	Domestic Expenses	120000
Dividend Received	1540	Plant purchased for office	700
		Car purchased	25000
		LIC Premium	5000
		Donation to Recognized Institution	1200
		Gift to married daughter	400
		Income-tax	3500
		Assessment Expenditure	200
		Bank Deposit	13000
		Public Provident Fund	4000
		Balance c/d	102932
	Rs. 284532		Rs. 284532

Additional Information :

- (i) 1/3 part of building is used for profession and 2/3 for self residence.
 (ii) The car is used in profession and personal work equally.
 (iii) Books purchased for teaching Rs. 200 and remaining for profession.
 (Allow depreciation @40%)

Compute Mr. Bajaj's Professional income.

(08 Marks)

8 Case Study (Compulsory) :

The following is the information of Tanush and Co. for the AY 2021-22.

Particulars	Amount (Rs.)	Particulars	Amount (Rs.)
To Cost of Goods Sold	10,00,000	By Sales	14,00,000
To Tax relating to LTCG	3,000	By LTCG [Exempted U/S 10(38)]	1,50,000
To Depreciation	85,000	By Interest on Govt. Securities	15,000
To Proposed dividend	1,30,000		
To Income Tax	60,000		
To Net Profit	2,87,000		
	15,65,000		15,65,000

Additional Information :

- Depreciation allowable for the year as per Income Tax Act is Rs.50,000.
- Brought forwarded business loss as per books of accounts is Rs.1,25,000.
- Brought forwarded unabsorbed depreciation is Rs.55,000.

Compute :

- Total income of the company under normal provisions.
- Tax liability of the company.
- Tax payable U/S 115-JB.

(16 Marks)
