



AT-7651

Seat No. _____

Third Year B. B. A. (Non CBCS) Examination

March / April – 2016

Business Taxation

(Old Course)

Time : 3 Hours]

[Total Marks : 100

Instructions : (1) Working notes shall be treated as a part of the answer.
(2) All the questions are compulsory.
(3) Figures to the right indicate full marks of the question.

1	Attempt any three from the following :	20
(a)	Definition of Income	
(b)	Assessment year and previous year	
(c)	Gross Total Income	
(d)	Income-tax Authorities	
(e)	Conditions for becoming ordinary resident.	
(f)	Exempted Incomes (any ten)	
2	Compute the taxable salary income from the following informations of Mr. R for the assessment year 2015-16.	20
(1)	Dearness Allowance Rs. 85,200	
(2)	Bonus and Commission Rs. 16,000	
(3)	He joined service on 1.7.2010 in the grade of Rs. 10,000 – 1,000 – 13,000 – 2,500 – 28,000	
(4)	Entertainment allowance Rs. 1,000 p.m.	
(5)	Children Education Allowance Rs. 600 p.m. (for one child)	
(6)	The employer has provided him an accommodation with furniture for which the employer pays rent of Rs. 8,000 p.m. The employer has spent Rs. 2,92,000 on its furnishing.	

(7) The employer has provided a motor car without driver, all expenses of maintenance are borne by the employee. The car is for office use and personal use and has 1.8 ltr. cubic capacity.

(8) The employer contributes 14% of basic pay towards his recognized provident fund.

(9) Interest credited to his RPF Account at 9.5% p.a. is Rs. 10,450/-.

(10) The employer has made the following deductions from his pay :

- Employees contribution to RPF - 14% of basic pay
- Annual professional tax Rs. 2,400
- Recovery of Token Rent for the accommodation at 10% of basic pay
- Recovery of excess commission paid during the year Rs. 2,000.

OR

2 From the following details of house property of Shri Keshav, **20** you are required to compute his taxable income from house property for the A.Y. 2015-16.

Particulars	Let-out house	Self-occupied house
(1) Annual value as per Municipal records	72,000	60,000
(2) Annual local taxes paid	7,200	6,000
(3) Date of completion of construction	1.4.2014	1.4.2013
(4) 15% loan taken for construction		
- On 1.1.2012	2,40,000	3,60,000
- On 1.1.2014	-	1,00,000

(Loan taken on 1.1.2014 is for the construction of second floor which was completed on 1.4.2014)

Note : Interest on loan upto 31.3.15 has been duly paid.

3 Mr. H has prepared the following Profit and Loss Account **20** for the year ending on 31.3.2015.

Particulars	Amount (Rs.)	Particulars	Amount (Rs.)
To General Expenses	65,000	By Gross Profit	16,32,000
To Bad Debts	2,000	By Discount and Commission	6,000
To Bad Debts Reserve	5,000	By Rent Income	27,000
To Provision for Taxation	57,000	By Interest on Post office Savings A/c.	3,000
To Income Tax	85,000	By Bad Debts Recovered	16,000
To Insurance Premium	8,000	By Surplus on Sale of Shares	75,000
To Motor Car Expenses (Without depreciation)	1,05,000	By Profit on sale of Machinery	1,000
To Sales Tax	55,000		
To Staff Salary	6,85,000		
To Legal Charges	4,000		
To Donation to approved Charitable Trust	6,000		
Net Profit	6,83,000		
	17,60,000		17,60,000

Additional Information :

- (1) Insurance Premium includes Rs. 3,000 being medi-claim insurance and Rs. 2,000 being life insurance premium.
- (2) 75% of the amount of Bad debts recovered relates to the amount of bad debts not allowed earlier.
- (3) 1/2 use of motor-car is for personal purpose and W.D.V. of the car as on 1.4.2014 was Rs. 2,50,000 (Depreciation rate @ 15%).

Compute taxable income from business of Mr. H for the A.Y. 2015-16.

OR

3 (a) From the following particulars of Shri C, determine his income under the head capital gain for the A.Y. 2015-16. 10

- (1) He had purchased a residential house for Rs. 1,33,000 on 1.1.1986. He sold this house on 1.4.2014 for Rs. 15,44,000. This was the only house owned by him. A part of the sale proceeds was utilized by him for the education of his son and Rs. 5,50,000 was used on 31.12.2014 to acquire another residential house.
- (2) On 31.12.2014 he sold some securities for Rs. 3,03,175 which were purchased by him on 1.5.84 for Rs. 17,400. Rs. 1,00,000 of the sale price was invested on 1.2.15 in 3-year bonds of MHAI.

Relevant cost index for different years are as follows :

P.Y. 1983-84 – 116, P.Y. 1985-86 – 133, P.Y. 2014-15 – 1,024.

(b) Kumari H has furnished the following particulars of her investments for the year ending on 31.3.2015. 10

- (1) Rs. 10,000 6% Port Trust Bonds
- (2) Rs. 2,70,000 10% Redeemable Debentures of H.D.F.C. Ltd. (TDS @ 10% listed)
- (3) Rs. 45,000 10% Government Loan
- (4) Rs. 24,000 15% cumulative preference shares of Century Ltd.
- (5) Rs. 3,00,000 10% tax-free Debentures of Ambuja Ltd. (TDS @ 20% – unlisted)

On 1.6.2014, she sold her Port Trust Bonds for Rs. 15,000 and purchased Rs. 40,000 12% Tax-free Debentures of R Ltd. for Rs. 42,000 by cash (TDS @ 20%) on 1.8.2014. She sold 10% Government Loan at par.

Interest on investments becomes due every year on 1st January and 1st July.

Preference dividend was received on 31.12.2014.

She has paid Rs. 200 as commission to bank for collection of interest and has also paid bank commission of Rs. 500 for selling and buying of securities of Port Trust Bonds.

Compute her taxable income under the head 'Income from other sources' for the A.Y. 2015-16.

4 Mr. A, B and C are the co-owners of a firm. They share profits and losses in the ratio of 5:3:2. The following particulars of the firm for the year ended on 31.3.2015 are furnished. 20

- (1) Net Profit as per P/L Account Rs. 40,000
- (2) Salaries of Rs. 92,000 paid to B and commission on sales Rs. 42,000 paid to C were debited.
- (3) Interest on capital of Rs. 7,500; Rs. 6,000 and Rs. 4,500 were paid to A, B and C respectively. Interest of Rs. 12,000 paid to A on his loan were charged to accounts. The rate of interest in both cases is 18.1.
- (4) Depreciation debited to accounts amounted to Rs. 10,000 but admissible amount was Rs. 14,000.
- (5) A long term loan of Rs. 10,000 was taken during the year and expenses incurred for obtaining the loan amounted to Rs. 1,000. This sum was debited to accounts. Interest on this loan of Rs. 800 is outstanding and not considered in the books.
- (6) The closing stock and opening stock of Rs. 8,00,000 and Rs. 9,00,000 respectively had been valued at 10% below the cost, though the market price in each case was higher than the actual cost.

Compute the taxable income of the firm for the A.Y. 2015-16.

OR

4 Mr. S, M and J are equal partners in a firm. The profit and loss account for the year ended on 31.3.15 is as follows : 20

Particulars	Amount (Rs.)	Particulars	Amount (Rs.)
To Trade Expenses	25,000	By Gross Profit	90,000
To Provision for Bad Debts	2,300	By Commission	5,000
To Postage and Stationary	2,700	By Interest on Govt. Securities	3,000
To Donation to approved Institution	4,000	By dividends	7,000
To Depreciation	3,000	By Long-term Capital Gain	2,000
To Rent of Building paid to S	10,000	By Winning from Lotteries (Gross)	20,000
To Interest on Capital	21,000		
Net Profit	59,000		
	1,27,000		1,27,000

Additional Information :

- (1) Trade expenses include Rs. 3,200 for a typewriter purchased for office use and Rs. 2,720 for income-tax.
- (2) Furniture was purchased on 5.7.2014 for Rs. 30,000. There is no other depreciable asset other than furniture and typewriter in the business.
- (3) Donation of Rs. 4,000 was given to approved institution.
- (4) Interest on capital had been paid @ 18% p.a. in accordance with the partnership deed.

Compute the taxable income of the firm for the A.Y. 2015-16.

5 (a) Attempt any two from the following : **10**

- (i) Permanent Account Number (PAN)
- (ii) Advance Payment of Income-tax
- (iii) Tax Deducted at Source
- (iv) Types of Assessment.

(b) Attempt any two from the following : **10**

- (i) Definition of assets under Wealth-tax Act.
- (ii) Net Wealth
- (iii) Deemed Assets under Wealth-tax Act
- (iv) Exempted Assets from Wealth-tax.
