

**B.B.A. DEGREE EXAMINATION NOVEMBER 2022**  
**BUSINESS ADMINISTRATION**  
**FIFTH SEMESTER**

**COURSE : MAJOR – CORE**  
**PAPER : BUSINESS TAXATION**  
**TIME : 3 HOURS** **MAX. MARKS: 100**

**SECTION – A**

**ANSWER ALL QUESTIONS: (10 x 2 = 20)**

1. Mr. Aswin is entitled to a basic salary of Rs 5,000 p.m. and dearness allowance of Rs 1,000 p.m., 40% of which forms part of retirement benefits. He is also entitled to HRA of Rs 2,000 p.m. He actually pays Rs 2,000 p.m. as rent for a house in Delhi. Compute the taxable HRA.
2. Mr. Ragul, is employed in the Tamil Nādu Govt. as Manager and gets. Rs. 20,000 p.m. as salary and Rs. 3,000 p.m. as entertainment allowance. One-half of the entertainment allowance received is spent by Mr. Ragul on the entertainment of the government officials. Determine his taxable amount for the assessment year 2022-23.
3. N, an employee of XYZ Co. Ltd., receives Rs. 9,00,000 as gratuity. He is covered by the Payment of Gratuity Act, 1972. He retires on January 23, 2022 after rendering service of 38 years and 1 month. At the time of retirement his monthly basic salary Rs. 50,000. What amount of gratuity is exempt from tax?
4. Mr. Kaushal is a salaried employee. In the month of December, 2019, he purchased gold worth Rs. 8,40,000 and sold the same in August, 2021 for Rs. 9,00,000. At the time of sale of gold, he paid brokerage of Rs. 10,000. What is the amount of taxable capital gain?
5. A block of assets consists of 3 machines, whose WDV on 1-4-2021 was Rs.2,00,000. On 10-08-2021 a new machine of the same block was purchased for Rs.50,000. The first 2 machines was sold on 15-12-2021 for Rs.50,000. The rate of depreciation for all the machines was 15%p.a. Find the value of capital gain/WDV of the block of machine on 1-4-2022.
6. State the IT provisions relating to treatment of Advertisement Expenses in computation of Business Income.
7. Differentiate between Tax free Securities and Less Tax Securities.
8. What is Supply under GST?
9. What do you mean by Set-Off and Carry Forward? State the set off provisions relating to capital gain.
10. Write a note on Perquisites with example.

## SECTION – B

ANSWER ANY FIVE QUESTIONS:

(5 x 8 = 40)

11. Explain the Levy and Liability Provisions under GST.
12. How is Indian Taxation is structured?. What are its Types? Explain the importance and Features of Income tax Act 1961.
13. From the following information compute income taxable under the head “income from other sources”
- Remuneration from university of Madras for conducting workshop for college teachers – Rs. 20,000
  - Directors fees for attending board meeting – Rs. 10,000
  - Family pension from Reliance company – Rs. 30,000
  - Interest received on debentures Rs. 15000/
  - Interest received from taxable bonds Rs. 20,000
  - Dividend received from mutual funds 10,000
  - Gift received from a friend Rs. 60000
  - Winning from Television Shows Rs. 1,00,000
  - Winnings from lotteries (net) – Rs. 30,000
  - Interest received from tax free securities – Rs. 10000
14. Mr. Kamal was appointed as a manager on 1st July 2013 in the grade of 25,000-1000-30,000-2,000-40,000. Find out his salary income for the previous year 2021- 22 if Salary received on first day of every month
- Dearness Allowance Rs 1000 p.m
  - Bonus equal to two months’ pay
  - Project allowance – Rs.750 p.m
  - Special Allowance – Rs.600 p.m
  - Employee’s contribution to a recognized provident fund @ 15% of \ salary
  - He is provided with free lunch in office. The cost per meals is Rs.30
15. From the following income and expenditure, Ramana & Co, chartered accountants, calculate income from profession.

Expenditure	Rs.	Income	Rs.
To charity and donation	1,00,000	By audit fee	3,00,000
To subscription to journals	2,000	By examiner fee	25,000
To institute fee	4,000	By fee for other accounts work	40,000
To office rent	5,000	By dividend from UTI	35,000
To drawings	50,000		
To electricity bill	9,000		
To salary to trainee	20,000		
To Net Income	2,10,000		
	4,00,000		4,00,000

16. From the following information, compute gross total income of Mr. Y for the assessment year 2022 - 23 based on his Residential status:

Mr. Y, a Indian national came to India after 10 years on 16-09-2021 for a visit of 190 days. He furnishes the following particulars of his income earned during the previous year 2021-22:

- Pension for services rendered in India but received in England Rs. 1,00,000
- Remuneration for consultancy service in Canada but half of that received in Mumbai Rs. 2,00,000
- Loss incurred in textile business carried on in Bangladesh but controlled from India (75,000)
- Fees for technical services relates to a business carried on in India 3,00,000 from England Company

17. Mr. Arul submits the following particulars of his income and loss for the assessment year 2022- 23:

	Rs.
He received Salary from a Company	50,000 P.M
Income from house property (computed)	7,000
Profit from cloth business (before depreciation)	40,000
Income from speculation business	3,200
Current year's depreciation	2,000

He purchased equity shares (listed) of Shyamal Ltd. in December 1995 for Rs. 28,100. These shares are sold (outside recognised stock exchange) in April, 2022 for Rs. 5,00,000. (CII 21 – 22 is 317. He also purchased a piece of land in May, 2005 for Rs. 84,000 and sold the same in April, 2021 for Rs. 10,10,000 (brokerage Rs. 10,000) (CII for 2005 -06 is 117).

The following items have been brought forward from the preceding year:

- Loss from Cloth business 10,000
- Unabsorbed depreciation 7,500
- Loss from speculation 7,000
- Long term capital Loss 11,400

You are required to compute his gross taxable income

### SECTION – C

**ANSWER ANY TWO QUESTIONS:**

**(2 x 20 = 40)**

18. Compute the total income under the head Salary of Ms. Sohan for the assessment year 2021 – 22 from the following information:

- Basic salary of Rs. 38,000 per month.
- Dearness Allowance of Rs.12,000 per month (60% of which is part of retirement benefits).
- Children Education Allowance Rs.300 per month each for two children.
- Free lunch for 300 days in the office during office hours of Rs.75 per meal.
- Reimbursement of expenses incurred on credit card provided by the employer of Rs. 10,000.
- Gift of Rolex watch of Rs. 20,000.

- Rent free unfurnished accommodation at Pune, the fair rent value of which is
- Rs. 2, 40,000 per annum.
- Motor car of 1.8l with driver both for official and private purposes.
- Wages of servant paid by employer is Rs. 2,500 per month.
- Employer's contribution to the Recognised Provident fund @ 15% of the salary
- Interest credited to the provident fund @ 9.5% p.a. is Rs.2,800
- Telephone facility at his residence. The employer has incurred expenses of Rs. 24,000 for the same.

19. Calculate the income from house property of Mr. Mehra who owns three houses. The particulars are as follows:

Particulars	House I	House II	House III
MV	95,000	1,05,000	1,20,000
FRV	1,00,000	1,10,000	1,25,000
SR	NA	1,07,500	NA
Nature of occupation	S.O.	Let Out	Let out
Rent	----	10,000 per month	-----
Period of vacancy	----	1 ½ months	----
Unrealised Rent	----	1 month	-----

Mr. Mehra had borrowed a sum of Rs. 20,00,000 @ 10% p.a. from LIC Housing Ltd. on 1-8-2015 for the construction of the house II and the house was completed on 1-1-2019. He Paid Interest on borrowed loan of Rs.40,000 for House 1 and Rs.60,000 for House III. House III has three Identical units. Unit X is used for own Business. Unit Y is used by his brother for Residential Purpose. Unit Z is Occupied by Mr. Mehra

20. Mr. Xavier, submits the following particulars of income for assessment year 2022-23:

- Income from salary (computed) 2,50,000
- Income from house property (computed) 30,000
- Long term capital gain 40,000
- Short term capital loss (15,000)
- Interest on securities (Gross) 11,000
- Interest on Bank Deposits 8,000
- LIP on his own life 2,000
- PPF 20,000
- Donation to National children fund 5,000
- Donations to PM's Relief Fund 6,000
- Donation to approved charitable institution 25,000
- Donation to Government for family planning 15,000

- Payment by cheque to GIC for
- Health of his wife 9,000
- Health of dependant son 9,000
- Father not dependant who is 67 years old 25,000
- Expenses on medical treatment of dependant being a disable person Rs.25,000
- Payment of interest on loan taken from charitable institution for the education of his daughter pursuing M. Tech. 30,000

Compute his total income & tax liability for mentioned assessment year.

21. The following is the Profit & Loss Account of Sri S. Kumar for the year ending 31st March, 2022:

Particulars	Rs	Particulars	Rs
Rent	3870	Gross profit	55,048
Staff Salaries	8,620	Miscellaneous Receipts	383
General Charges	3,780	Discounts	458
Interest on Capital	1,800	Interest of Govt. Securities	2,400
Audit Fee	1,050	Bad Debts Recovered	560
Bad Debts	840	Profit on Sale of Machineries	5,765
Reserve for Bad Debts	600	Profit on Smuggling Business	1,25,000
Income Tax	2,400		
Law Charges	: 3,700	Smuggled goods Seized	16,000
Bribe to Border Police	12,000		
Compensation to a retrenched employee	2,800		
Cost of extension of office premises	2000		
Penalty to Custom Authorities	13000		
Charity and Donation	184		
Depreciation	5,700		
Entertainment Expenses	12,600		
Net Profit	130,670		
<b>Total</b>	<b>205,604</b>	<b>Total</b>	<b>205,604</b>

Compute Mr. Kumar's Income from Business for the related Assessment Year after taking into account the following:

- (a) The expenditure of rent includes a sum of Rs 720 being rent charged for a godown owned by the assessee himself.
- (b) Staff salary includes Rs 1,200 being the salary of a servant engaged at the residence of the assessee.
- (c) The general expenses include a sum of Rs 500 being advertisement expenses.

(d) Law charges include payment of Rs 2,300 being Stamp and Registration Fees and Solicitor's Bill for the Deed of Purchase of a property.

(e) Depreciation on fixed assets chargeable according to Income Tax Rules amounts to Rs 6,780

(f) Bad Debts recovered include an item of Rs 200 the claim for which was disallowed in the related year of assessment.

(g) The profit on sale of machineries relate to a machine purchased in December 2016 for Rs 15,000. Its written-down value on 1.4.2021 was Rs 10,935 and the same was sold during the year for Rs 16,700.

\*\*\*\*\*