

STELLA MARIS COLLEGE (AUTONOMOUS) CHENNAI – 600 086.
(For candidates admitted during the academic year 2019– 2020 and thereafter)

B.B.A. DEGREE EXAMINATION NOVEMBER 2023
BUSINESS ADMINISTRATION
FIFTH SEMESTER

COURSE : **MAJOR – CORE**
PAPER : **BUSINESS TAXATION**
SUBJECT CODE : **19BA/MC/BT54**
TIME : **3 HOURS** **MAX. MARKS: 100**

SECTION – A

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

1. State the criteria for determining the incidence of tax for a not ordinarily resident.
2. Who is a person as per income tax act?
3. Explain the term Input tax credit in GST.
4. When is IGST applicable in India?
5. State the importance of “Set-off” in taxation.
6. Compute the Gross Annual value from the following information:
Actual rent ₹ 95,000 p.a Municipal rental value ₹ 80,000 p.a
Standard rent ₹ 67,000 p.a Fair rental value ₹ 75,000 p.a
7. Mr. Shaw is a citizen of India. He left to Singapore for a visit on 18th May 2021 and could not return to India till 31.03.2022. He came to India on 1st April 2022 and left to Srilanka on 15th June 2022. Ascertain the residential status of the assessee for the assessment year 2023-2024.
8. Mr. Arun joined the central government job on 1st October 2021 in the grade of 20,000-1,000-25,000. Find out his salary for the previous year 2022-2023. If salary is due on the last day of the month.
9. From the following particulars compute the amount of GST that is allowed as deduction while computing business income. The GST relating to the previous year 2022-2023 is ₹20,000. Out of this amount ₹ 10,000 was paid on 5-4-2023, ₹ 5,000 on 15-07-2023 and ₹ 5,000 on 1-1-2023. Date of filing of return is 31-7-2023.
10. Mr. Ganesh borrowed ₹ 4,00,000 from a bank for his education in medicine. He paid ₹ 40,000 as interest on the loan during the previous year. His income for the previous year before deduction under Sec.80 was Rs. 3,00,000. He had contributed Rs. 40,000 towards Prime Minister’s relief fund and Rs.10,000 towards Scientific research out of his income chargeable to tax. Find the amount of deduction .

SECTION – B

Answer any 5 questions **(5 x 8 = 40)**

11. Explain the deduction under 80 C detailing the qualified savings.
12. Explain in detail the Goods and Service Tax levy system in India.

13. Mr. Ramesh, an Indian citizen leaves India for the first time on 31st May 2018 and comes back on 15th May 2021. He again leaves India on 10th June 2022 to come back on 14th January 2023. He has been living in India since then. Determine his status for the previous year 2022-23 and compute his taxable income.

- Income from house property in Singapore, received in India – Rs. 20,000
- Salary from an employer in Chennai, received in Mumbai – Rs. 1,50,000
- Sale of land in Bahrain, received there – Rs. 2,00,000
- Dividend received from a foreign company incorporated in India – Rs. 50,000
- Income from business in Srilanka, controlled from India – Rs. 2,50,000

14. Mr. Jayam has the following incomes and investments:

Salary = ₹ 15,000 P.M.

Income from other sources = ₹ 3,00,000

Short term capital gains = ₹ 4,90,000

Investment in Public provident fund = ₹ 70,000

Calculate his Taxable income and tax liability as per old regime.

15. Dr. Sam is a medical practitioner. He gives you the following summary of cash book for the year ending 31-03-2023:

Receipts	Amount	Payments	Amount
To Balance	10,000	By Rent of Clinic	18,000
To Consultation Fee	60,000	By Purchase of Medicine	38,000
To Visiting Fee	45,000	By Staff Salaries	24,000
To Gifts and Presents	8,000	By Surgical Equipment	40,000
To Sale of Medicine	42,000	By Motor Car Expenses	8,000
To Dividend from UTI	6,000	By Purchase of Car	1,40,000
To Life Insurance Maturity	1,00,000	By Household Expenses	7,000
To Dividend from NDS	6,000	By Closing Balance	2,000
	2,77,000		2,77,000

Other Information:-

- 50% of the motor car expenses incurred in connection with profession. Car was purchased in December 2022;
- Household expenses include Rs.6,800 insurance premium;
- Gifts and presents include Rs.3,000 from relatives;
- Closing stock of medicine is Rs.12,000 and opening stock was Rs.4,000; Compute his professional gain for the assessment year 2023 – 24.

16. Mr. Francis submits the following information about sale of assets during the Previous Year 2022-23 (C.I.I 331)

Assets	Residential house	Listed debenture
Date acquisition	11.3.2002	12.4.2006
C.I.I	100	112
Cost of acquisition	₹ 5,80,000	₹ 2,00,000
Date of sale	15.5.2022	17.5.2022
Sale price	22,00,000	4,00,000

He invested ₹ 3,00,000 in Bonds of National Highway Authority of India on 03.08.2022. Calculate Taxable Capital gains.

17. Mr. Sunil owns two houses, particulars of which are as follows:

Particulars	I	II
Municipal Valuation	₹ 4,20,000	₹ 6,00,000
Fair Rental Value	₹ 3,90,000	₹ 6,30,000
Standard Rent	₹ 4,50,000	₹ 6,20,000
Annual Rent	₹ 4,80,000	-
Municipal taxes paid by Owner	₹ 5,000	₹ 8,000
Nature of occupation	let out for residence	Self occupied for residence

Property I remain vacant for 2 months. He borrows ₹ 30,00,000 for construction of House I and paid Interest on loan amounting to ₹ 2,20,000. Determine the Income from house property for AY 2023–2024.

SECTION – C

Answer any 2 questions

(2 x 20 = 40)

18. Mr. Ramesh is employed at Hyderabad (population above 25,00,000) at a basic salary of ₹ 25,000 p.m, he also receives the following allowances:

- Dearness Allowance (entering for retirement benefits) ₹2,000 p.m
- Lunch Allowance ₹1,000 p.m
- Servant Allowance (He is paying ₹1,200 p.m. to a servant) ₹1,000 p.m
- Transport Allowance ₹2,000 p,m
- Education Allowance @ ₹200 p.m. per child for three children.
- Hostel Allowance to one child ₹500 p.m.
- Conveyance Allowance (He does not spend anything) ₹ 800 p.m.
- Overtime Allowance ₹2,000 p.a
- Entertainment Allowance ₹2,000 p.a.
- Medical Allowance ₹800 p.m
- City Compensatory Allowance ₹600 p.m.
- He has been provided a rent-free house hired by the employer at Rs. 20,000 per month
- He and his employer contribute 14% of salary to recognised provident fund
- Interest credited to his recognized provident fund at 12% is Rs. 30,000
- Professional tax paid by the employee ₹1,500.

- He has been provided with the free use of a car of 1.8 litre capacity. Car is used for official and personal purposes.

Find out his taxable income from salary.

19. Mr. Shiva has following investment in the previous year 31st March, 2023:

- ₹ 11,000, 10% Karnataka state government loan
- ₹ 30,000, 13.5% debenture of Tata machine tools Ltd., (listed)
- ₹ 35,000, 11% securities of sugar mill company Ltd., (not listed)
- ₹ 36,000, 10% tax-free commercial securities (unlisted)
- ₹ 3,850 received as interest on Tamil Nadu government securities
- ₹ 4,500 received as interest on debenture of a paper mill company (not listed)
- ₹ 4,500 received as interest on debenture of Textile company (listed)

During the previous year 2022-23, he purchased ₹ 50,000, 7% capital investment bonds on 1st October, 2022. For this purpose he borrowed ₹ 30,000 from bank at 15% p.a. Interest on all securities is payable on 30th June and 31st December. The bank charged 1.5% commission on interest on securities.

He was also a director in a company from which he received ₹ 3,000 as directors' fees. His other incomes are:

- Winning from lottery ₹ 25,000
- Income from agriculture in Srilanka ₹ 10,000
- Winning from horse race ₹ 15,000
- Interest on post office saving bank account ₹ 2,000

20. Mr. Ahmed owns four houses, the particulars of which are as follows:

	House 1	House 2	House 3	House 4
Municipal Value	6,00,000	1,20,000	1,90,000	1,80,000
Fair rental value	82,000	1,30,000	2,20,000	2,00,000
Standard Rent		1,10,000	2,30,000	1,90,000
Actual Rent		1,60,000	2,40,000	
Repairs	15,000	20,000	10,000	7,000
Insurance	5,000	6,000	7,000	6,000
Municipal tax	5,000	10,000	15,000	12,000
Land revenue	8,000	4,000	6,000	4,000

The first house is self-occupied and the second and third houses are let out. The fourth house consists of two equal units - one used for Mr. Ahmed's business and another unit is let out at Rs.15,000 p.m. Unrealised rent for the third house was Rs. 3,000 and second house Rs.2,500. The second house was vacant for one month during the year.

A loan of Rs.12,00,000 @ 5% interest was borrowed for the construction of the second house. Date of borrowing loan is 1-04-2017.

The house is completed in May 2020.

A loan of Rs. 10,00,000 at 6% interest was borrowed for house 1 on 1.04.2019. The house was completed in September 2021.

Compute income from house property.

21. From the following profit and loss account, compute **total taxable income** for the assessment year 2023-24.

Particulars	₹	Particulars	₹
To General expenses	10,000	By Gross profit	1,40,000
To Fire insurance premium (50% for house property)	8,000	By Bad debts recovered (disallowed earlier)	10,000
To salary	30,000	By Interest on government Securities	5,000
To Advertisement	25,000	By Rent form house property	10,000
To Salary to proprietor	20,000	By Long term capital gain	10,000
To Interest on capital	5,000		
To Income tax	10,000		
To GST	5,000		
To Donation	10,000		
To Motor car expenses	2,000		
To Net Profit	50,000		
	1,75,000		1,75,000

Additional information:

- General expenses include ₹ 1,000 used for personal use.
 - Salary paid includes Rs. 20,000 in cash.
 - Advertisement includes wooden signboard purchased for Rs.10,000.
 - GST of Rs.2,000 was paid after the date of filing returns.
 - Car was used 50% for business purpose.
 - The donation was paid to an institution for promotion of family planning.
- The following expenses were not included in the Profit and Loss account:
- Actual bad debts of Rs.5,000.
 New plant (depreciation 15%) purchased for Rs. 50,000.
 Staff welfare expenses Rs. 2,000.
 Patents purchased for Rs. 1,20,000.
