

ANSWER SCRIPT



Manipal Academy Of Higher Education

Department of Commerce

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Exam Event: DCOM - I-III and V Semester UG - Mid Term Examination - October 2023
Subject Name: [BBAC 3501] BUSINESS TAXATION
Exam Date: 16-Oct-2023 (09:30 AM - 11:00 AM)
Course: Bachelor of Business Administration
Branch: BBA
Year/Sem: Semester 5

Score

15.00
20.00

QNo	Score / Max Score
A (5 / 5)	
1	1.00 / 1
2	0.00 / 1
3	0.00 / 1
4	1.00 / 1
5	0.00 / 1
B (4 / 4)	
6	1.50 / 2.5
7	1.50 / 2.5
8	2.50 / 2.5
9	2.50 / 2.5
C (1 / 1)	
10	5.00 / 5

What does N stand for in HSN?

- Network
- Nationalization
- Nomenclature
- Nomination

GST is applicable on:

- Petrol
- Alcoholic Liquor for human consumption
- Tobacco Natural Gas
- Natural Gas

Mr. Amit is an investor in the Indian Equity Market purchased 5,000 shares for Rs. 5 each in the morning and sold at Rs. 10 each in the evening. What will be the securities transaction tax payable for this transaction?

- Rs. 5.00
- Rs. 6.25
- Rs. 10.00
- Rs. 12.50

According to the Securities Contract Act of 1956, securities transaction tax is not applicable for the following types of securities.

Equity Mutual Funds	Shares, stocks, bonds and debentures	Commodity transactions	Securitized Debt instruments
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XYZ Ltd. allotted 100 bonus shares to Mr. Arvind in the ratio of 1:2 on 01.12.2021. He received dividend of Rs. 10 per share on 01.05.2022. Find out the taxable income, if any, for AY?

- Nil
- Rs. 1,500
- Rs. 2,000
- Rs. 3,000

Mag sold to Mr. B who is a Karnataka residency being a Mumbai located company. So this case GST is Interstate i.e. LGST is considered.

(i) Mr. B bought it for 22000
i.e. LGST @ 12% $22000 \times \frac{12}{100} = 2640$

LGST amount = 2640

(ii) Mr. B sells to Mr. C for 30,000 being Intrastate
CGST @ 6%
SGST @ 6%

i.e., $30,000 \times \frac{6}{100} = 1800$

CGST Amt = 1800

SGST Amt = 1800

TOTAL GST PAYABLE by Mr B to Government
= 2640 + 1800 + 1800
= 6240

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(i)
Ans Computation of Capital gain U/s 54
 Gross sale Consideration (5000 x 500)
 (-) Cost of Acquisition (5000 x 425)
 Capital Gain acquired

Amt
25 00 000
21 25 000
3 75 000

(ii) Computation of Capital Gain
 Gross sale Consideration
 (-) Cost of acquisition
 (10,50,000 x 317/254)
 Capital Gain acquired

Amt
25 00 000
(13 10 433.12)
11 89 566
15 64 566

TOTAL INCOME

⑧	A	B	C
Basic (42000x12)	504000	504000	504000
DA (17000x12)	204000	204000	204000
CCA (2000x12)	24000	24000	24000
OA (8000x12)	96000	96000	96000
HRA	96000	96000	Nil
Gross Salary	924000	924000	828000

Exempt HRA u/s 10

(i) Actual HRA (96000)

(ii) Rent - 10% Salary

$$(9000 \times 12) - [\text{Basic} + \text{DA} \times 10\%]$$

(37200)

(iii) 40% of Salary

(283200)

Consider (ii)

(37200) as

least

37200

0

—

Net Salary

886800

924000

828000

Deduction u/s 80GG

(i) 5000x12 (60000)

(ii) Rent - 10% Salary

(37200)

(iii) 25% of Salary

(177000)

Consider (ii)

as least

—

0

37200

TOTAL TAXABLE Income	<u>986800</u>	<u>924000</u>	<u>790800</u>
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Working note :- HRA (ii) Rent - 10% Salary

$$\text{Salary} = \text{Basic} + \text{DA}$$

$$= 504000 + 204000$$

$$= 708000 \times 10\%$$

$$= 70800$$

$$\text{Rent} = 108000$$

$$=) 108000 - 70800 = 37200$$

$$(ii) 40\% \text{ Salary} = \frac{40}{100} \times 70800$$

$$= 283200$$

Anil's Taxable Gratuity Computation	
Actual Gratuity Received	Amt 17 00 000
(-) Exempt Gratuity	
(i) Actual Gratuity (1700000)	
(ii) Calculated Gratuity	
(Salary $\times \frac{15}{26} \times \text{no years}$)	
(65000 $\times \frac{15}{26} \times 32$)	
(12,00,000)	
(iii) Standard Gratuity	
(20,00,000)	

Consider (ii) as least (1200000) (12,00,000)

Taxable Gratuity 5,00,000

\therefore Exempt Gratuity 1200000
Taxable Gratuity 500000

Working note (ii) Cal Gratuity = Salary = Basic + DA
 $= 42000 + 23000$
 $= 65000$
 $= 65000 \times \frac{15}{26} \times 32$ [Exceeds 6 months
 Consider next
 year]
 $= 1200000$

Dr. Anand Citizen of India
Residential status of Anand

April 12	Oct -
May 31	Nov 4
June 30	Decem 23
July 31	Jan 31
August 30	Feb 10
Sept -	March 22
<u>224</u> days	

Condition (a) Present year resides 182 days
Dr. Anand is residing more than 182
(a) satisfied so he is a resident

22-23	178	16-17	159
21-22	165	15-16	134
20-21	192	14-15	87
19-20	143	13-14	32
18-19	121		
17-18	146		

(c) Condition resident for atleast 2 years.

① He is resident for year 20-21 as exceeds 182 days

② For year 22-23 \Rightarrow presents exceeds 600 days
previous 4 year = $165 + 192 + 143 + 121$
 $= 621$

Exceeds 365 day (b) Condition
satisfied

Hence (c) Condition satisfied

(d) Condition preceeding 7 years total should be
730 days.

$$= 178 + 165 + 192 + 143 + 121 + 146 + 159$$

$$= 1104 \text{ days}$$

Hence (d) satisfied

As Mr Anand satisfied (a) condition he is
a resident of India and also he satisfied
both (c) & (d) he becomes "ORDINARY
RESIDENT". This is his Residential
status