

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

17.00
20.00

QNo	Score / Max Score
A (5 / 5)	
1	1.00 / 1
2	1.00 / 1
3	0.00 / 1
4	1.00 / 1
5	1.00 / 1
B (4 / 4)	
6	2.50 / 2.5
7	0.50 / 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

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

Mr B

Calculation of output tan

Intra -state Supply of goods
30,000 X 6 %

Total output tan

IYST	CYST	SYST
-	1800	1800
	1800	1800

Calculation of Input tan

Interstate Purchase of goods
22000 @ 12 %

Total input tan

IYST	CYST	SYST
2640	-	-
2640	-	-

Tan credit

	IYST	CYST	SYST
output		1800	1800
Input IYST		1800	840

960

— —

Total Tax payable by Mr B to government
is ₹ 960

Scenario 1

Particulars	₹	₹
Sales consideration 5000 × 500	25,00,000	
(-) COA 5000 × 450 - Note 1	(22,50,000)	
Longterm capital gain	2,50,000	—(i)

Tax on LTCG will be = 2,50,000 - 1,00,000 (Exempt)

$$\times 10\%$$

$$= 1,50,000 \times \frac{10}{100} = ₹ 15,000$$

Note 1

Lower of
Sales value 500

or
Higher of
FMV 450
Purchase 425

$$\rightarrow ₹ 450 - (₹ 4)$$

Scenario 2

Particulars	₹	₹
Sales consideration	25,00,000	

(-) COA
15,00,000

LTCy

(15,00,000)	
10,00,000	— (ii)

Total Taxable Income
(i) + (ii)

₹ 12,50,000 → Ans

Total Tax liability

a) for scenario (i)

15000

(b) for scenario (ii)

$$10,00,000 \times \frac{20}{100} = 2,00,000$$

(a) + (b)

₹ 2,15,000 → Ans

Particulars	a	b	c
Income under salary			
Basic - 42000×12	5,04,000	5,04,000	5,04,000
DA - 17000×12	2,04,000	2,04,000	2,04,000
CCA - 2000×12	24,000	24,000	24,000
allowances - 8000×12	96,000	96,000	96,000
HRA Received - 8000×12	96,000	96,000	—
Gross Salary	9,24,000	9,24,000	8,28,000
→ Exempt HRA u/s 10			
A Actual HRA received - 96,000			
B Rent - 10% salary -			
a $1,08,000 - 70,800 = 37,200$	(37,200)	0	—
b $0 - 70,800 = 0$			
C 40% of salary - 2,83,200			
Net Salary	8,86,800	9,24,000	8,28,000
→ deduction u/s 80			
Sec 80 G			
• 5000 PM = 60,000			
• Rent - 10% salary = 37,200	—	—	(37,200)
• 25% of salary - 1,77,000			
Total Taxable Income	8,86,800	9,24,000	7,90,800

Actual gratuity
Less Exempt gratuity

a) 15 days salary calculated
 $(\text{Basic} + \text{DA}) \times \frac{15}{26} \times 32$

$$\Rightarrow 65000 \times \frac{15}{26} \times 32 = 12,00,000$$

b) Actual gratuity - 17,00,000

c) Fined - 20,00,000

Taxable gratuity

17,00,000

(12,00,000)

5,00,000

Ans

Exempt gratuity $\rightarrow ₹ 12,00,000$

Taxable gratuity $\rightarrow ₹ 5,00,000$

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Month	Available days	Residing day
Apr	30	12
May	31	31
June	30	30
July	31	31
August	31	29
Sep	30	-
October	31	-
November	30	3
December	31	24
Jan	31	31
Feb	29	9
March	31	23

Total no. of days 223 days

P.Y	days	a	b
2022-23	178	x	✓ (621 days)
2021-22	165	x	✓ (602 days)
2020-21	192		
2019-20	143		
2018-19	121		
2017-18	146		
2016-17	159		
2015-16	134		
2014-15	87		
2013-14	32		

Total of 7 PYs preceding current PY
 \Rightarrow 1104 days

Dr. Anand is an Indian ordinary resident for the PY 2023-24 as he satisfies the condition (a) that he is staying in India for a period of 223 day (≥ 182 days) and

condition c \rightarrow Resident of at least 2 PYs, is last 10 years preceding current PY
 (2022-23, 2021-22)

7 condition d \rightarrow Sum of total of last 7 PYs preceding current PY is 1104 days which is ≥ 730 days.