

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	1.00 / 1
3	0.00 / 1
4	1.00 / 1
5	1.00 / 1
B (4 / 4)	
6	2.00 / 2.5
7	2.50 / 2.5
8	2.50 / 2.5
9	2.50 / 2.5
C (1 / 1)	
10	1.50 / 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

$$\begin{array}{rcl} \text{Ast collected by Imag} & \div & \text{CAST} \div 900 \\ & & \text{SAST} - \frac{900}{1800} \\ & & \text{Total} \end{array}$$

$$\text{AST collected by Fragrance Ltd.} \Rightarrow \text{Iast } (22,000 \times 12\%) = 2640$$

$$\begin{array}{rcl} \text{Ast collected by Mr B} & = & \text{CAST} \Rightarrow 1800 \\ & & \text{SAST} \Rightarrow \frac{1800}{3600} \\ & & \text{Total} \end{array}$$

$$\begin{aligned} \text{AST Payable} &= \text{AST collected} - \text{AST Paid} \\ &= 3600 - 2640 \\ &= \boxed{\text{Rs } 960} \end{aligned}$$

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Computation of total income & Tax Payable AY 2022-23

Particulars	Amount
Capital Gains	
Gross sales Consideration	25,00,000
Less - COA	22,50,000
Net sales	2,50,000
LITCA	2,50,000
Profit & Gains on Business	
Gross sales Consideration	25,00,000
Less - Cost of Acquisition	13,10,433
Business Income	11,89,567
Total Income	14,39,567
Tax liability	
LITCA $(250,000 - 100,000) \times 10\%$	15000
Tax on Business Income $(11,89,567) \times 20\%$	237,913
Add Cess @ 4%	10,116
Total Tax Payable	263,029

Income from Salary	A	B	C
Basic - (42000×12)	5,04,000	5,04,000	5,04,000
DA - $(17,000 \times 12)$	2,04,000	2,04,000	2,04,000
CCA - (2000×12)	24,000	24,000	24,000
HRA - (8000×12)	96,000	96,000	—
Other allowances - (8000×12)	96,000	96,000	96,000
Gross Salary	9,24,000	9,24,000	8,28,000
Less: Exempt HRA			
Actual HRA $\div (96,000)$			
Rent Paid - 10% of salary $\div (37,200)$			
40% of Salary - $(2,83,200)$	(37,200)	0	—
Net Salary	8,86,800	9,24,000	8,28,000
Less: Section 80 GG			
5000 p.m. $(60,000)$			
Rent Paid - 10% of salary $(37,200)$			
25% of salary $(1,77,000)$			(37,200)
Total Taxable Income	8,68,800	9,24,000	7,90,800

Calculating Exempt Gratuity

$$\begin{aligned}\text{Salary} &= \text{Basic} + \text{DA} \\ &= 42000 + 23000 \\ &= 65,000 \text{ p.m.}\end{aligned}$$

$$\begin{aligned}\therefore 65000 &\times \frac{15}{26} \times 32 \\ &= \boxed{12,00,000}\end{aligned}$$

$$\begin{aligned}\text{Taxable Gratuity} &= \text{Actual Gratuity} - \text{Exempt Gratuity} \\ &= 17,00,000 - 12,00,000 \\ &= \boxed{5,00,000}\end{aligned}$$

i) Condition a: $10 + 31 + 30 + 31 + 30 + 30 + 31 + 3 + 23 + 31 + 10 + 22 = 282$ day

As Dr Anand stays for 282 days he is a ~~Resident~~.

ii) PY No. of days

2022-23	178
2021-22	165
2020-21	192
2019-20	143
2018-19	121
2017-18	146
2016-17	159
2015-16	134
2014-15	87
2013-14	32

Resident correct but value wrong and final decision not correct

Condition C is not fulfilled as he is not residing for 2 PYs in the last 10 years. Condition d is fulfilled as he is staying for 1060 days in the last 7 PYs preceding current PY. Therefore he is Resident & Not ordinary Resident. (RNoR).

~~X~~