

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

14.50
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	0.00 / 1
B (4 / 4)	
6	1.50 / 2.5
7	0.00 / 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

Intra state purchase of goods = Rs 15,000
Inter state supply of goods = Rs 22,000
Intra state supply of goods = Rs 30,000
CGST = 6%.
SGST = 6%.
IGST = 12%.

Computation of output Tax

Particulars	CGST
Intra state supply of goods [CGST = 30,000 × 6%] [SGST = 30,000 × 6%]	1,800 1,800
Inter state supply of goods (IGST = 22,000 × 12%)	2,640

Computation of Input Tax

Particulars	IGST	CGST	SGST
Intrastate purchase of goods (15,000 × 6%)	—	900	900

Computation of CST Payable

Particulars	IGST	CGST	SGST
Output	2,640	1,800	1,800
IGST input	—	—	—
CGST input	—	(900)	—
SGST input	—	—	(900)

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CrST payable	2,640	900	900
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$\therefore \text{CrST payable} = \underline{\underline{\text{Rs } 2,440}}$

Calculation of capital gains and total income

Particulars	Amount
<u>Capital Gains</u>	
Gross Sales Consideration	
(-) Cost of Acquisition $(21,25,000 \times \frac{317}{254})$	26,52,067
Net Sales Consideration	

Calculation of Exempt HRA and Total Taxable Income of Mr. Rajveer.

Particulars	A	B	C
Basic (Rs 42,000 x 12)	5,04,000	5,04,000	5,04,000
DA (Rs 17,000 x 12)	2,04,000	2,04,000	2,04,000
CCA (Rs 2,000 x 12)	24,000	24,000	24,000
Other allowances (Rs 8,000 x 12)	96,000	96,000	96,000
HRA (Rs 8,000 x 12)	96,000	96,000	—
Gross Salary	9,24,000	9,24,000	8,28,000
Less: Exemption u/s 10			
Exempt HRA (least of the following):			
a) Actual HRA received 96,000			
b) Rent paid - 10% of salary (1,08,000 - 70,800) 37,200 ✓		(note 1:)	
c) 50% of salary (50% of 7,08,000) 3,54,000	(37,200)	0	—
Net Salary	8,86,800	9,24,000	8,28,000
Less: Deductions u/s 80			
Section 80GG (least of the foll.)			
a) Rs 5,000 p.m. (5,000 x 12) 60,000			
b) Rent paid - 10% of salary 37,200 ✓			
c) 25% of salary 1,77,000			(37,200)
Total Taxable Income	8,86,800	9,24,000	7,90,800

*Note: It has been assumed that Rajveer lives in Mumbai

Note 1:

b) Exempt HRA

- a) actual HRA received96,000
- b) Rent paid - 10% of salary (1,08,000 - 70,800)0 ✓
- c) 50% of salary3,54,000

Calculation of Exempt Gratuity and Taxable Gratuity of Mr. Anil

Actual gratuity received	17,00,000
Less: Exempt Gratuity (least of the following):	
a) Actual gratuity received	17,00,000
b) Calculated gratuity (note 1)	12,00,000
c) Rs 20,00,000	20,00,000
	(12,00,000)
Taxable Gratuity	<u>5,00,000</u>

∴ Exempt Gratuity = Rs 12,00,000
 Taxable Gratuity = Rs 5,00,000

Note 1:

Calculated gratuity =

Average of last 10 months salary $\times \frac{15}{26} \times \text{no. of years}$

$$(42,000 + 23,000) \times \frac{15}{26} \times 32$$

$$65,000 \times \frac{15}{26} \times 32$$

$$= \underline{\underline{\text{Rs } 12,00,000}}$$

Computation of Residential Status of Dr. Anand

Calculation for condition 'a'

April	12
May	31
June	30
July	31
August	29
September	—
October	—
November	3
December	24
January	31
February	9
march	23
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223 days	

∴ Dr. Anand is a resident of India as he satisfies condition 'a' which states that a person must be residing in India for atleast 182 days in the current PY, and here, Dr. Anand has resided for 223 days.
— As condition 'a' is satisfied, condition 'b' need not be calculated.

Calculation for condition 'c' :

PY	No. of days	Condition 'a'	condition 'b'
2022 - 23	178	X	≠] ✓
2021 - 22	165	X	≠] ✓
2020 - 21	192		
2019 - 20	143		

2018-19	121		
2017-18	146		
2016-17	159		
2015-16	134		
2014-15	87		
2013-14	32		

∴ Condition 'c' is satisfied, which states that the person must be a resident for atleast 2PY's out out 10PY's preceding the current PY.

Calculation for condition 'd'

$$\begin{aligned}\text{Last 7PY's} &= 178 + 165 + 192 + 143 + 121 + 146 + 159 \\ &= 1104 \text{ days.}\end{aligned}$$

∴ Condition 'd' is satisfied which states that the person must be residing for ≥ 730 days in the last 7PY's preceding the current PY.

∴ As condition 'c' and condition 'd' are satisfied;
Dr. Anand is an Ordinary Resident.