

ANSWER SCRIPT



Manipal Academy Of Higher Education

Department of Commerce

Student Name: A.MOHAMMED RASHEED .
Roll Number: 212621180
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

16.50
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	2.00 / 2.5
7	2.00 / 2.5
8	2.50 / 2.5
9	2.00 / 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

Output \rightarrow Sales
 \hookrightarrow Input \rightarrow Purchases

Tax Payable

Tax on Value added

Pays ← Mr. B → Collects

22,000
(inclusive tax)
↙
2640

3600
- 2640

3600
(-) 2640

30,000 (inclusive of tax)
3600 tax

8000
x 12 %

960

Soln

As we know GST is tax on value added
 when he sells the value added (Mr. B)

$$= 30,000 - 22,000 = 8000 \times (6\% + 6\%)$$

$$= 8000 \times 12\%$$

$$\boxed{\text{Output tax} = 960}$$

When paying for 22,000 = ₹840 (Input)
 he pays

$$\text{Tax Payable} = \text{Output tax} - \text{Input tax}$$

$$= 960 - 840$$

$$= \underline{\underline{₹120}}$$

$$\text{Output Tax} = 30,000 \times 12\% \text{ (6\% CGST \& 6\% SGST)}$$

$$= 3600$$

$$\text{Input tax} = 22,000 \times 12\% \text{ (IGST)}$$

$$= 2640$$

$$\text{Tax Payable} = 3600 - 2640 = 960$$

Particulars	Amount
LTCG (Shares)	
Sales Consideration (5000 x 500)	25,00,000
(-) Cost of Acq (5000 x 450)	22,50,000
LTCG	2,50,000
Sales of house (25,00,000)	25,00,000
(-) Cost of Acq (10,50,000 x $\frac{317}{254}$)	13,10,433
	11,89,567
Total income	14,39,567
LTCG = 10% (2,50,000 - 1,00,000)	15,000
= 1,50,000 x 10%	
Sales of House = 14,39,567 x 10%	14,39,56
Cess 4%	6358
	165314

Particulars	A	B	C
Basic - 42,000 pm	5,04,000	5,04,000	5,04,000
DA - 17,000 pm	2,04,000	2,04,000	2,04,000
CCA - 2,000 pm	24,000	24,000	24,000
Other Allowance - 9,000 pm	1,08,000	1,08,000	1,08,000
HRA - 8,000 pm	96,000	96,000	-
Gross Salary	9,36,000	9,36,000	8,40,000
Less: Exempt HRA (Least of) a) Actual HRA - 96000 b) Rent - 10% Sal = 37,200 c) 50% of Sal = 3,54,00 [Chennai]	37,200	-	
	8,98,800	9,36,000	8,40,000
Exempt HRA (for C) [least of] a) 5000 pm - 60,000 b) Rent - 10% Sal = 37,200 c) 25% of Sal = 1,77,000	-	-	37,200
Total taxable income	8,98,800	9,36,000	8,62,800

Working Notes

For Condition - A

$$\text{Rent} = 1,08,000$$

$$\text{Sal} = 7,08,000$$

$$10\% \text{ of Sal} = 70,800$$

$$50\% \text{ of Sal} = 3,54,000$$

For Condition - B

$$\text{Rent} = 1,08,000$$

$$\text{Sal} = 7,08,000$$

$$10\% \text{ of Sal} = 70,800$$

$$25\% \text{ of Sal} = 1,77,000$$

$$\text{Calculated gratuity} = \left(\text{Avg of 10 month salary} \right) \times \frac{15}{26} \times \text{No. of yrs service}$$

$$= (42000 + 23000) \times \frac{15}{26} \times 32 \text{ years}$$

$$= 65000 \times \frac{15}{26} \times 32 \Rightarrow 65,000 \times 0.58 \times 32$$

$$= 65000 \times 18.56$$

$$\text{Calculated gratuity} = 12,06,400$$

$$\text{Actual gratuity} = 17,00,000$$

Exempt gratuity (Least of)

$$\text{a) Actual gratuity} = 17,00,000$$

$$\text{b) Calculated gratuity} = 12,06,400$$

$$\text{c) } 20,00,000$$

no round off till the last step

$$\therefore \text{Exempt gratuity} = 12,06,400$$

$$\text{Taxable gratuity} = \text{Actual gratuity} - \text{Exempt gratuity}$$

$$= 17,00,000 - 12,06,400$$

$$\text{Taxable gratuity} = 4,93,600$$

Condition - A

April - 12

May - 31

June - 30

July - 31

Aug - 30

Sep - 0

Oct - 0

Nov - 3

Dec - 23

Jan - 31

Feb - 9

March - 22

Total days = 222 days
in India

∴ As Dr. Anand stays
for more than 182 days
i.e., for 222 days in India
in the current PY
we can conclude he's
a resident.

Condition - B

22-23 → 178

21-22 → 165

20-21 → 192

19-20 → 143

678 days

∴ As Dr. Anand stays for more
than 365 days in the last 4 PY's
preceding the current PY and
also stays for more than
60 days in the PY we can say
he's a Resident.

Condition - C

22-23 → 178

21-22 → 165

20-21 → 192

19-20 → 143

a

b

x

✓
✓

✓

x

✓
✓

✓

As per the given

information we

can say that

Dr Anand has

been a resident of India

18-19 \rightarrow 121

for 2 PY's out of last 10 PY's

17-18 \rightarrow 146

preceding the current PY.

Condition C satisfied

Note:-

22-23 \rightarrow He stay more than 365 days in last 4 PY's
preceding the current one & also stays for
60 days in the PY so we can conclude he's
a resident

21-22 \rightarrow Same as 22-23.Condition - D

22-23 \rightarrow 178		19-20 \rightarrow 143		16-17 \rightarrow 159
21-22 \rightarrow 165		18-19 \rightarrow 121		Total = 1104 days
20-21 \rightarrow 192		17-18 \rightarrow 146		

\therefore As Dr. Anand stay for more than the minimum limit
(730/720)
of the condition i.e. for 1104 we can conclude
that he has satisfied condition D.

Conclusion

As Dr. Anand satisfies condition c&d and
also A&b we can conclude by telling
that He is an Ordinary Resident.