

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	2.00 / 2.5
7	1.00 / 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?

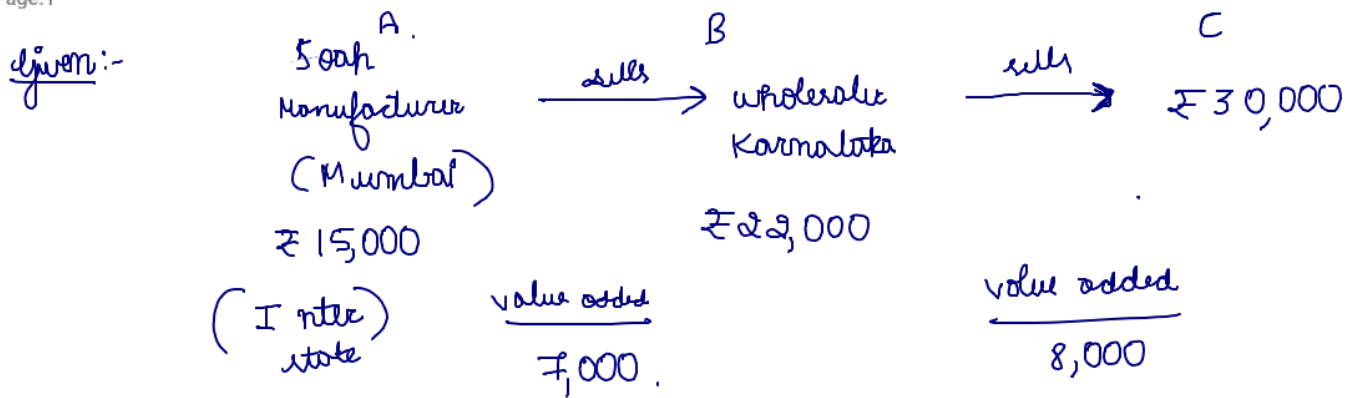
- Rs. 5.00
- Rs. 6.25
- Rs. 10.00
- Rs. 12.50

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



GST is a value added tax

Tax on ₹8,000.

CGST @ 6% \Rightarrow 480.

SGST @ 6% \Rightarrow 480

—————
GST \Rightarrow ₹960 //

IGST @ 12% \Rightarrow 960

\therefore GST payable
is ₹960 to govt
by M&B

Particulars	Amount.
Computation of capital gains	
1) Gross sale consideration (5,000 × 500)	25,00,000
(-) Cost of Acquisition (5000 × 425)	21,25,000
Long term Capital gains.	3,75,000.
II Computation of shares on trade.	
Gross sale consideration. (5000 × 450)	22,50,000
(-) Cost of acquisition. (5000 × 425)	21,25,000
Short term Capital gain.	1,25,000
Total taxable gain/Income	5,00,000
Computing tax liability.	
1) LTCG $\Rightarrow 10\% (3,75,000 - 1,00,000)$ exemption. Section 54F	
$\Rightarrow 27,500$	
2) STCG $\Rightarrow 15\% (1,25,000)$	
$\Rightarrow 18,750$	

Add education & health cess @ 4%
 $\Rightarrow 4\% (27,500 + 18,750)$
 $= 1850$

48,100

Total taxable Income.
 $(5,00,000 + 48,100)$

$\Rightarrow 5,48,100 //$

Sl. No.	Particulars.	Amount.
	Gross sale consideration.	15,00,000.
	(-) cost of acquisition	13,02,000.
	$(10,50,000 \times \frac{317}{254})$	
	Long term Capital gains	<u>1,98,000.</u>

Particulars	A	B	C
1) Basic @ 42,000 p.m.	5,04,000	5,04,000	5,04,000
2) DA @ 17,000 p.m.	2,04,000	2,04,000	2,04,000
3) CCA @ 2,000 p.m.	24,000	24,000	24,000
4) Other allowance @ 8,000 p.m.	96,000	96,000	96,000
5) HRA @ 8,000 p.m.	96,000	96,000	—
Gross salary	9,24,000	9,24,000	8,28,000
Exemption A & B. Exemption A. (Least of 1) Actual HRA \Rightarrow 96,000 2) Rent paid - 10% of salary (working note) $1,08,000 - 70,800$ \Rightarrow 37,200 3) 40% of salary $= 2,83,200$	(37,200)	(Rent paid is nil)	
	886,800	9,24,000	8,28,000
Exemption C (Least of) 1) $5,000 \times 12 \Rightarrow 60,000$ 2) Rent paid - 10% of salary $= 37,200$			(37,200)

5) 25% of salary
= 1,77,000

Total Taxable Income	8,86,800	9,24,000	7,90,800
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No of years of service \rightarrow 31 years 6 months
 \Rightarrow 32 years.

Actual gratuity \Rightarrow 17 lakhs

Basic \Rightarrow 42,000pm, DA = 23,000pm

\Rightarrow Taxable gratuity = Actual gratuity - Exempt gratuity.

Exempt gratuity (Least of)

1) Actual gratuity - 17,00,000 ₹

2) 20,00,000 ₹

3) Calculated gratuity.

= $\frac{\text{Avg 10 months of Basic + DA}}{26} \times 15 \times \text{No of years of service}$

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

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

Exempt gratuity. \Rightarrow 12,00,000 ₹

Taxable gratuity = Actual - exempt gratuity

= 17,00,000 - 12,00,000

= 5,00,000 ₹

Q:10 Page:1 Condition A

⇒ April (30) → 12 (18 days → till April 28 & returns April 29.)
10+2

May (31) → 31

June (30) → 30

July (31) → 31

Aug (31) → 30

Sept (30) → Nil

Oct (31) → Nil

Nov (30) → 2 (Nov stays Nov 25-28)

25th he comes → 26 & 27
2 day 28th leave
+10 day → 8 day
Dec → 8 day - till Dec 8.

Dec (31) → 23

Jan (31) → 31

Feb (29) → 10

March (31) → 22

222 days

Dr. Ahmad is a resident since he stays for more than 182 days in the current P.Y.

He satisfies condition A.

Condition C

Condition a

Condition B.

(working notes) →

2022-23 - 178

✓

✓ ✓

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

Since he is a resident and satisfies the condition i.e., ≥ 182 days in the current P.Y. and condition is where it is ≥ 365 days in the last 4 P.Y. preceding current P.Y. and ≥ 60 days in current P.Y. He satisfies condition C.

Condition - D

2022-23 \rightarrow 17821-22 \rightarrow 16520-21 \rightarrow 19219-20 \rightarrow 14318-19 \rightarrow 12117-18 \rightarrow 14616-17 \rightarrow 159

1104

Since it is $1104 \geq 730$ days in the last 7 P.Y.'s preceding current P.Y. He satisfies condition D.

\Rightarrow Dr. Dhand is an Ordinary resident.