

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	1.00 / 1
4	1.00 / 1
5	0.00 / 1
B (4 / 4)	
6	2.50 / 2.5
7	NA
8	1.50 / 2.5
9	2.50 / 2.5
C (1 / 1)	
10	4.50 / 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
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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

Working Notes

$$\text{GST Payable} = \text{Output (collected)} - \text{Input (paid on purchases)}$$

For Mr B

$$\text{Input} = ₹ 22000 \text{ (Inter state)}$$

$$\text{Output} = ₹ 30000 \text{ (Intra-state)}$$

Ans:- Step 1 Calc. of output Tax

Particulars	IGST	CGST	SGST
IGST (12%)	—		
CGST (6%) 30000 x 6%		1800	
SGST (6%) 30000 x 6%			1800

0 1800 1800

Step 2 : Calc. of input tax

Particulars	IGST	CGST	SGST
IGST (12%) 22000 x 12%	2640		
CGST (6%)		—	
SGST (6%)			—

Step 3: Calc. of GST Payable.

Particulars	IGST	CGST	SGST	C/f.
Output	0	1800	1800	
Input				
IGST (₹2640)	(0)	(1800)	(840)	
CGST	-	-	-	
SGST	-	-	-	
GST Payable	0	0	960	

∴ GST Payable by Mr B is ₹ 960

Ans.	Calculation of Exempt HRA and total Taxable Income			
	Particulars	A	B	C
	Basic (42000 x 12)	504000	504000	504000
	DA (17000 x 12)	204000	204000	204000
	CCA (2000 x 12)	24000	24000	24000
	other allowance. (8000 x 12)	96000	96000	96000
	HRA (8000 x 12)	96000	96000	0
	Gross Total Income	924000	924000	828000
	Less Exempt HRA (least of the following)			
a)	Actual HRA (96000)			
b)	Rent - 10% of salary (108000)			
c)	50% of Salary (354000)	(37200)		
		88680X	924000	828000
	Less deduction u/s 80GG			
a)	5000 x 12 = 60000			
b)	Rent - 10% salary = 37200			
c)	25% of salary = 177000			(37200)
	Total Taxable Income	88,680X	924000	970800X

ans.

$$\text{Gratuity} = 17,00,000$$

$$\text{Basic} = 42000 \text{ p.m.}$$

$$\text{DA} = 23000 \text{ p.m.}$$

$$\text{CCA} = 5000 \text{ p.m.}$$

$$\text{HRA} = 11000 \text{ p.m.}$$

$$\text{Bonus} = 60000 \text{ p.a.}$$

$$\text{Salary} = \text{Basic} + \text{DA} = (42000 + 23000) \text{ p.m.} \\ = 65000 \text{ p.m.}$$

(31 years and 6 months
to be considered as
32 years rounded up)

⇒ Exempt Gratuity (least of the following)

a) Actual Gratuity = 17,00,000

b. Calculated Gratuity

$$= \frac{15}{26} \times (\text{Avg salary of last 10 months}) \times (\text{years of service})$$

$$= \frac{15}{26} \times 65000 \times 32$$

$$= 0.576 \times 65000 \times 32 = 11,98,080$$

c. 26,00,000

$$\therefore \text{Exempt gratuity} = ₹ 11,98,080$$

⇒ ∴ Total Taxable Gratuity

$$= 17,00,000 - 11,98,080 = 5,01,920$$

$$\therefore \text{Taxable Gratuity} = ₹ 5,01,920$$

Ans. Computation of residential status of Dr Anand.

Month	No of days not stayed in India
April -	18 days
May	0
June	0
July	0
Aug	1
Sept	30
Oct	31
Nov	27
Dec	7
Jan	0
Feb	18
March	9
	141

\therefore No of days stayed in India = $365 - 141$
 $= 224$

PY	No of days in India	
1 2022 - 23	178	178 , 621
2 2021 - 22	165	165 , 602
3 2020 - 21	192	
4 2019 - 2020	143	
5 2018 - 2019	121	
6 2017 - 2018	146	
7 2016 - 2017	159	
8 2015 - 2016	134	
9 2014 - 2015	87	
10 2013 - 2014	32	

Show d calculations

Total days stayed in 4 years
preceeding CPY = 678

Total days stayed in immediate
7 py = 1104

∴ According to Income Tax Act a person is a resident if he satisfies the following condition

- a) Stays in India for more than 182 days in current previous year
- b. Stays in India for atleast 365 days in the 4 previous years immediately preceeding current previous year and atleast 60 days in current previous year.

As Dr Anand Satisfies condition a ($224 > 182$) and condition b ($678 > 365, 224 > 60$)
 ∴ He is a resident of India

Computing if ordinary resident or non-ordinary resident

- c) If is a resident for atleast 2 years in immediate 10 previous years
- d) If the person has stayed for total 730 days in immediate 7 previous years

∴ by condition c (resident in 2022-23, 2021-22) and by condition d ($1104 > 730$)
 Dr Anand is a Ordinary resident of India

