

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

16.50
20.00

QNo	Score / Max Score
A (5 / 5)	
1	1.00 / 1
2	0.00 / 1
3	1.00 / 1
4	1.00 / 1
5	0.00 / 1
B (4 / 4)	
6	2.50 / 2.5
7	2.00 / 2.5
8	2.50 / 2.5
9	1.50 / 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
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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

(i) fragrance ltd \longrightarrow Advertising agency (15000)

$$\text{C GST} = 6\% \text{ of } 15000 = 900$$

$$\text{S GST} = 6\% \text{ of } 15000 = 900$$

(ii) fragrance \longrightarrow Mr. B (22000)

$$\begin{aligned} \text{I GST} &= 12\% \text{ of } 22000 \\ &= 2640 \text{ (input)} \end{aligned}$$

(iii) Mr. B \longrightarrow Mr. C (30000)

$$\begin{aligned} \text{C GST} &= 6\% \text{ of } 30000 \\ &= 1800 \text{ (output)} \end{aligned}$$

$$\begin{aligned} \text{S GST} &= 6\% \text{ of } 30000 \\ &= 1800 \text{ (output)} \end{aligned}$$

	I GST	C GST	S GST
output	-	1800	1800
input	-	(1800)	(1840)
		0	<u>960</u>

GST payable by Mr. B to government is 960 ₹.

(i) computation of capital gains

particulars	Amount
gross sales consideration (5000 × 500)	25,00,000
(-) cost of acquisition (5000 × 450) (450 > 425)	22,50,000
capital gains from shares	<u>2,50,000</u>

(ii) gross sales consideration	25,00,000
(-) cost of acquisition (1050000 × $\frac{317}{254}$)	13,02,000
capital gains for residential house	<u>11,98,000.</u>
Total taxable income =	<u>14,48,000.</u>
<u>Tax liability:</u>	
tax on shares (10% (250000 - 100000))	15000
(+) C.T. less	<u>600</u>
Total tax payable	<u>15600</u>

computation of exempt HRA and taxable income

Particulars	A	B	C
Basic (42000 x 12)	5,04,000	5,04,000	5,04,000-
DA (17000 x 12)	2,04,000	2,04,000	2,04,000.
CCA (2000 x 12)	24,000	24,000	24,000
other allowance (8000 x 12)	96,000	96,000	96,000
HRA received (8000 x 12)	96,000-	96,000	-
Gross Salary	9,24,000-	9,24,000	8,28,000
<u>Exemption u/s 10:</u> exempt HRA (least): Actual HRA 96000 Rent paid - 10% Salary (108000 - 10% (708000)) (108000 - 70800) <u>37200</u> 40% of Salary <u>283200</u>	(37200)	-	-
Net Salary	8,68,000	9,24,000-	8,28,000
Deduction u/s 80:			

80 G ₁ (least):			
5000 x 12 = 60000			
Rent paid - 10% Salary			
<u>37200</u>	-	-	(37200)
25% of Salary 177000			
Total Taxable income	8,68,000	9,24,000	7,90,800

calculation of taxable gratuity.

particulars	Amount
Actual gratuity	17,00,000
Exempt gratuity (least)	
(a) Actual gratuity 17,00,000	
(b) calculated gratuity (42000 + 23000 \times $\frac{15}{26}$ \times 32) 12,37,500	
(c) 20,00,000	
Exempt gratuity \longrightarrow	(12,37,500)
Taxable gratuity \longrightarrow	<u>4,62,500</u>

April	12	Oct	-
May	30	Nov	3
June	31	Dec	23
July	30	Jan	31
Aug	30	Feb	10
Sept	-	March	21

total 221

condition A satisfied.

		A	B	C
22 - 23	178	x	✓✓ (621)	✓
21 - 22	165	x	✓✓ (602)	✓
20 - 21	192	condition c satisfied.		
19 - 20	143			
18 - 19	121			
17 - 18	146			
16 - 17	159			
15 - 16	139			
14 - 15	87			
13 - 14	32			

$$\text{Condition D} = 178 + 165 + 192 + 143 + 121 + 146 + 159 \\ = 1104, \text{ condition D satisfied.}$$

Dr. Anand is a resident of India as he satisfies condition 'A' (221 days).

He is also an ordinary resident as he satisfies condition 'C' and condition 'D' (1104 days).