

- Q.6 Attempt any two:
- |  |   |
|--|---|
| i. Explain any five deduction u/s 80 C.                              | 5 |
| ii. Explain any five income from other sources.                      | 5 |
| iii. Explain the procedure for computing total income of individual. | 5 |

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Total No. of Questions: 6

Total No. of Printed Pages:4

Enrollment No.....



Faculty of Management Studies  
End Sem Examination May-2024  
MS5CO16 / MS5OE06 Income Tax Planning &  
Management / Tax Planning & Management

Programme: MBA

Branch/Specialisation: Management

**Duration: 3 Hrs.****Maximum Marks: 60**

Note: All questions are compulsory. Internal choices, if any, are indicated. Answers of Q.1 (MCQs) should be written in full instead of only a, b, c or d. Assume suitable data if necessary. Notations and symbols have their usual meaning.

- |        |   |   |
|--------|---|---|
| Q.1 i. | Income from Business in England controlled from India is taxable for: | 1 |
|        | (a) Ordinary resident (b) Not ordinary resident                       |   |
|        | (c) Both (a) and (b) (d) Non-resident                                 |   |
| ii.    | Minor income is exempt to the extent of:                              | 1 |
|        | (a) Rs 1000 (b) Rs 1500   |   |
|        | (c) Rs 2000 (d) Rs 1800   |   |
| iii.   | Hostel allowance is exempted for how many children-                   | 1 |
|        | (a) One (b) Four (c) Two (d) No Limit                                 |   |
| iv.    | Employer contribution to provident fund is exempt up to-              | 1 |
|        | (a) 12 % of salary (b) 15 % of salary                                 |   |
|        | (c) 10 % of salary (d) 18 % of salary                                 |   |
| v.     | Gross annual value of let out property is-                            | 1 |
|        | (a) Municipal value (b) Fair rent                                     |   |
|        | (c) Actual rent (d) Whichever is more                                 |   |
| vi.    | If NAV of house is Rs 50000, calculate standard deduction:            | 1 |
|        | (a) Rs 5000 (b) Rs 15000  |   |
|        | (c) Rs 7500 (d) Rs 13500  |   |
| vii.   | Disallowed expenses from Income tax point of view-                    | 1 |
|        | (a) Workers salary (b) Manager salary                                 |   |
|        | (c) Proprietor salary (d) All of these                                |   |
| viii.  | Cost inflation index for the year 2022-23-                            | 1 |
|        | (a) 351 (b) 331 (c) 341 (d) 335                                       |   |
| ix.    | Following is not the Income from other sources-                       | 1 |
|        | (a) Bank interest (b) Salary  |   |
|        | (c) Director on fees (d) Royalty                                      |   |

[2]

- x. Mr Navin Sharma whose age is 65 years paid Rs 65000 for his health insurance he can avail deduction u/s 80D up to- **1**  
 (a) Rs 50000 (b) Rs 30000 (c) Rs 25000 (d) Rs 75000
- Q.2 i. What is gross total income? **2**  
 ii. Explain the term agriculture income. What are its types? Is agriculture income fully exempt from tax? Comment? **8**
- OR iii. The income of Virat Kohli for the previous year 2022-23 is as under **8**  
 (a) Profit from business in Uganda received in India Rs 4,50,000  
 (b) Taxable income from house property in Ukraine received in India Rs 2,60,000  
 (c) Income from house property in Bahrain deposited there in a bank Rs 47,500  
 (d) Income earned in India but received in Mauritius Rs 30000  
 (e) Profit earned from business in Ayodhya (Controlled by Dubai H.O.) Rs 95,000  
 (f) Agricultural income in India Rs 82500  
 (g) Income from agricultural in London Rs 26000  
 (h) Past untaxed foreign income brought into India during the previous year. Rs 52,500  
 From the above particulars ascertain the taxable income of Virat Kohli for the previous year 2022-23, If he is-  
 (a) Ordinarily resident (b) Not ordinarily resident  
 (c) Non- resident
- Q.3 i. What is dearness allowance? **2**  
 ii. Explain any eight perquisites which are fully exempt from tax under all cases. **8**
- OR iii. Mr Harshad Mehta is general manager in SBI, From the given information calculate his taxable salary income for assessment year 2023-24: **8**  
 (a) Basic salary Rs.52500 per month.  
 (b) Dearness allowance 35% of basic salary.  
 (c) Medical allowance Rs.36000 per year.  
 (d) Education allowance Rs.32400 per year for three children.  
 (e) Hostel allowance Rs.12000 per year for three children.  
 (f) Free Lunch for 265 days, the company pays Rs 72 for the lunch to caterer.  
 (g) Watchman Provided by company whose salary is Rs 5000 per month

[3]

- Q.4 i. Explain the term municipal valuation of the house. **2**  
 ii. Discuss the procedure of computation of Income of following houses: **8**  
 (a) Fully self-occupied house  
 (b) Self-occupied for a part of the year and let out for remaining part
- OR iii. Miss Divya owns a Bungalow in Indore. **8**  
 50% portion is let out for residential purpose on a monthly rent of Rs.20000. However, this portion remained vacant for one month during 2022-23.  
 25% portion is used for his business purpose, while the remaining 25% portion is utilised for the purpose of his self-residence.  
 Other information is as follows –  
 (a) Municipal valuation Rs.380000  
 (b) Fair rent Rs.420000  
 (c) Municipal tax paid 10% of valuation  
 (d) Interest on loan amount borrowed for construction Rs.320000  
 Compute her taxable income from house property.
- Q.5 i. What is long term capital assets? **2**  
 ii. Briefly explain the capital gain exempt from tax u/s 54 & 54 B? **8**
- OR iii. The following is the Particulars of Mr. X for the year ended on 31<sup>st</sup> March,2023. Compute his taxable income from business for that year: **8**  
 Opening Stock 15,000, Sales 2,80,000, Purchases 1,40,000, Closing Stock 20,000, Wages 20,000, Gift from Father 10,000, Rent 46,000, Sale of Car 17,000, Repairs of Car 3,000, Income tax Rs 3,000, Medical Expenses 3,000, General Expenses 10,000, Depreciation of Car 4,000, Profit for the year 89,000.  
 Following further information is given:  
 (a) Mr. X carries on his business from rented premises half of which is used as his residence.  
 (b) Mr. X bought a car during the year for Rs 20,000. He charged 20% depreciation on the value of the car. The car was sold during the year for Rs 17,000. Car was used equally for business and his personal use.  
 (c) Medical expenses were incurred during the sickness of Mr. X for his treatment.  
 (d) Wages include Rs 250 per month on account of Mr. X's personal servant for 10 months.

# Marking Scheme

MS5OE06/MS5CO16 (T) Tax Planning & Management

Q.1	i) C	1
	ii) B	1
	iii) C	1
	iv) A	1
	v) D	1
	vi) B	1
	vii) C	1
	viii) B	1
	ix) B	1
	x) A	1

Q.2	i. What is Gross Total Income? <b>MEANING 2 MARKS</b>	2
	ii. Explain the term Agriculture Income. What are its Types? Is Agriculture income fully exempt from Tax. Comment? <b>MEANING 2 MARKS</b> <b>TYPES 4 MARKS</b> <b>COMMENT 2 MARKS</b>	8

OR	iii. The Income of Virat Kohli for the previous year 2022-23 is as under 1. Profit from Business in Uganda received in India Rs 4,50,000 2. Taxable income from house property in Ukraine Received in India Rs 2,60,000 3. Income from house property in Bahrain deposited there in a Bank Rs 47,500 4. Income earned in India but Received in Mauritius Rs 30000 5. Profit earned from business in Ayodhya (Controlled by Dubai H.O.) Rs 95,000 6. Agricultural Income in India Rs 82500 7. Income from Agricultural in London Rs 26000 8. Past Untaxed foreign Income brought into India during the previous year. Rs 52,500 From the above particulars ascertain the taxable income of Virat Kohli for the previous year 2022-23 If he is-	8
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(a) Ordinarily Resident  
(b) Not ordinarily resident  
(c) Non- Resident  
**AS PER SOLUTION 8 MARKS**

Q.3	i. What is Dearness Allowance? <b>MEANING 2 MARKS</b>	2
	ii. Explain any 8 Perquisites which are fully exempt from tax under all cases? <b>EIGHT PERQUISITES (8*1 MARKS)</b>	8

OR	iii. Mr Harshad Mehta is General Manager in SBI, From the given information calculate his taxable salary income for Assessment year 2023-24: <ul style="list-style-type: none"> <li>Basic salary Rs.52500 per month.</li> <li>Dearness allowance 35% of basic salary.</li> <li>Medical allowance Rs.36000 per year.</li> <li>Education allowance Rs.32400 per year for three children.</li> <li>Hostel allowance Rs.12000 per year for three children.</li> <li>Free Lunch for 265 days, the company pays Rs 72 for the lunch to caterer.</li> <li>Watchman Provided by company whose salary is Rs 5000 per month</li> </ul> <b>AS PER SOLUTION 8 MARKS</b>	8
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Q.4	i. Explain the term Municipal Valuation of the house? <b>MEANING 2 MARKS</b>	2
	ii. Discuss the procedure of computation of Income of following houses: <ul style="list-style-type: none"> <li>Fully Self Occupied House</li> <li>Self Occupied for a part of the year and Let out for remaining part</li> </ul> <b>FULLY SELF OCCUPIED HOUSE 4 MARKS</b> <b>SELF OCCUPIED FOR A PART OF THE YEAR AND LET OUT FOR REMAINING PART 4 MARKS</b>	8

OR	iii. Miss Divya owns a Bungalow in Indore. 50% portion is let out for residential purpose on a monthly rent of Rs.20000. However, this portion remained vacant for one month during 2022-23. 25% portion is used for his business purpose, while the remaining 25% portion is utilised for the purpose of his self residence. Other information is as follows – (a) Municipal valuation Rs.380000 (b) Fair rent Rs.420000 (c) Municipal tax paid 10% of valuation	8
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(d)Interest on loan amount borrowed for construction Rs.320000

Compute her taxable income from House Property

**AS PER SOLUTION 8 MARKS**

- Q.5 i. What is Long Term Capital Assets? **2**  
**MEANING 2 MARKS**
- ii. Briefly explain the Capital Gain exempt from Tax u/s 54 & 54 B? **8**

**SEC 54 4 MARKS**

**SEC 54 B 4 MARKS**

- OR iii. The following is the Particulars of Mr. X for the year ended on 31st March,2023.Compute his taxable income from business for that year: **8**  
Opening Stock 15,000, Sales 2,80,000 ,Purchases 1,40,000,Closing Stock 20,000 ,Wages 20,000, Gift from Father 10,000, Rent 46,000, Sale of Car 17,000,Repairs of Car 3,000 ,Income tax Rs 3,000, Medical Expenses 3,000, General Expenses 10,000, Depreciation of Car 4,000,Profit for the year 89,000.  
Following further information is given:  
(1) Mr. X carries on his business from rented premises half of which is used as his residence.  
(2) Mr. X bought a car during the year for Rs 20,000. He charged 20% depreciation on the value of the car. The car was sold during the year for Rs 17,000.Car was used equally for business and his personal use.  
(3) Medical expenses were incurred during the sickness of Mr. X for his treatment.  
(4) Wages include Rs 250 per month on account of Mr. X's personal servant for 10 months.

**AS PER SOLUTION 8 MARKS**

Attempt (Any Two)

- Q.6 i. Any Five Deduction u/s 80 C **5**  
**FIVE DEDUCTION ( 5\*1 MARKS)**
- ii. Procedure for Computing Total Income of Individual **5**  
**AS PER EXPLANATION 5 MARKS**
- iii. Income from Sub Tenancy **5**  
**AS PER EXPLANATION 5 MARKS**

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## Scheme of Marking

ENDSEM Exam, May 2024

Tax Planning &amp; Management - MS50E06 / MS50C16

Solved by Navin Sharma E-code 1503.

Solution 2 (iii)

Computation of taxable income  
for the A.Y. 2023-24

Particulars.	Ordinarily Resident ₹	Not Ordinarily Resident ₹	Non Resident ₹
1. Profit from business in Uganda received in India	4,50,000	4,50,000	4,50,000
2. Taxable income from house property in Ukraine received in India	2,60,000	2,60,000	2,60,000
3. Income from house property in Bahrain deposit there in a bank	47,500	Not taxable	Not taxable
4. Income earn in India but received in Mauritius	30,000	30,000	30,000
5. Profit earn from business in Ayodhya (Controlled by Dubai)	95,000	95,000	95,000
6. Agricultural income in India	<del>82,500</del> Exempt	Exempt	Exempt
7. Income from Agricultural in London	26,000	Not taxable	Not taxable
8. Past Untaxed foreign income brought in to India	Not taxable	Not taxable	Not taxable
<u>Taxable income</u>	<u>9,08,500</u> ↓ 4 Marks.	<u>8,35,000</u> ↓ 2 Marks.	<u>8,35,000</u> ↓ 2 Marks.

	₹	Marks.
1. Basic Salary (52,500 x 12)	6,30,000	15
2. Dearness Allowance @ 35% of ₹6,30,000	2,20,500	1
3. Medical Allowance	36,000	15
4. Education Allowance		
less: Exempt (100 x 2 x 12)	32400 - 2400	1
5. Hostel Allowance	12000	
less: Exempt (300 x 2 x 12)	- 7200	1
6. Free Lunch facility (265 x 272)	19,080	
less: Exempt (265 x 250)	- 15,950	2
7. Watchman facility 5000 x 12	60,000	1
	<u>9,87,130</u>	
Gross Salary	9,87,130	
less: - Standard Deduction u/s 16(i)	50,000	1
	<u>9,37,130</u>	
Net Salary or Taxable Salary		



Solution 9-4 (iii)

# Computation of income from house property for the A.Y. 2023-24

(3)

(A) 50% Portion let out -		
Valuation u/s 23(1)(c)		
Fair rent $4,20,000 \times 1/2 = 2,10,000$		
or		
Municipal Valuation $3,80,000 \times 1/2 = 1,90,000$		
or		
Actual Rent $20,000 \times 12 = 2,40,000$		
(Which ever is higher)	<u>2,40,000</u>	
less:- Rent for Vacant Period	<u>- 20,000</u>	
<u>G.A.V.</u>		2,20,000 - 2(m)
less:- M.T @ 10%		<u>- 19,000</u> - 1(m)
<u>N.A.V.</u>		2,01,000
less:- Deduction u/s 24		
(a) S.D @ 30% of N.A.V.		- 60,300 1(m)
(b) Int on Loan $3,20,000/2$		<u>- 1,60,000</u> - 2(m)
<u>Income from let out Portion</u>		19,300

(B) Self occupied house -  
Valuation u/s 23(2)

N.A.V. NIL

less:- Deduction u/s 24(b)		
Actual Int on Loan $3,20,000 \times 1/4 = 80,000$		
or		
Maximum limit	<u>2,00,000</u>	
(Which ever is less)		<u>- 80,000</u> - 2(m)
Loss from self occupied house - 2 max.		80,000

A+B = Loss from house property

(60,100)

(4)

Solution 5 (iii)

Computation of income from business.  
for the A.Y. 2023-24

	₹	₹
Net profit as per P&L A/c		89,000
Add: <u>Disallowed Expenses</u>		
Rent $46000 \times 1/2$	23000	1 (m)
Income tax	3000	
Dep. on Car	4000	1 (m)
Medical Exp. for Mr. X	3000	1 (m)
Wages for own servant ( $250 \times 10$ )	2500	1 (m)
Repair of Car $3000/2$	1500	1 (m)
	<u>37,000</u>	
		<u>1,26,000</u> 1 (m)
Less! - Expenses allowed as per sec. 37 but not shown in P&L A/c		NIL
		<u>1,26,000</u> 1 (m)

Less! - Income not taxable under business  
head -

Gift from Father	10,000	
Sale of Car	17,000	
	<u>27,000</u>	(27,000) 1 (m)
<u>Income from business.</u>		<u>99,000</u>