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- ii. Explain any four disallowed expenses under the head of income from business. Give reason why they disallowed. **6**
- OR iii. Net profit of a trader shows Rs 820000 after debiting following expenses. **6**
- (a) Donation to PM Relief fund Rs 20000
 (b) Guest house expenses Rs 21500
 (c) Donation to political party Rs 12000
 (d) Income tax 45000
 (e) Purchase of patent Rs 60000
 (f) Gift to employees on Diwali Rs 15000.
- Compute taxable income from business & Profession.
- Q.6 Attempt any two:
- i. What do you mean by long-term capital gain? Describe the procedure to calculate long term capital gain. **5**
- ii. Explain any five incomes taxable under the head income from other sources. **5**
- iii. Write short notes on: **5**
- (a) Exemptions of Capital Gains u/s 54.
 (b) Exemptions of Capital Gains u/s 54 EC.

Total No. of Questions: 6

Total No. of Printed Pages:4

Enrollment No.....



Faculty of Management Studies
 End Sem (Even) Examination May-2019
 MS3CO12 Business Taxation

Programme: BBA

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.

- Q.1 i. As per Income Tax Act, 1961, income tax is charged on the income of _____ at rates which are prescribed by the Finance Act of relevant assessment year. **1**
- (a) Current year (b) One year before previous year
 (c) Previous year (d) None of these
- ii. An individual is said to be resident in India if _____. **1**
- (a) It is in India in the previous year for a period of 182 days or more
 (b) It is in India for period of 60 days or more during the previous and 365 days or more during the four years immediately preceding previous year
 (c) All of these
 (d) None of these
- iii. Pension is _____ under the salary head. **1**
- (a) Fully taxable (b) Partially taxable
 (c) Not taxable (d) None of these
- iv. Which of the following is not taxable under the head Salary? **1**
- (a) Remuneration paid to the lecturer of a college for setting a question paper
 (b) Salary received by a member of parliament
 (c) Commission received by an employee director of a company
 (d) Both (a) and (b)
- v. Calculate the Gross Annual Value from the following details: **1**
- Municipal Value Rs. 45,000, Fair rental value Rs. 50,000, Standard Rent Rs. 48,000, Actual Rent Rs. 42,000.
- (a) 50,000 (b) 48,000 (c) 45,000 (d) 42,000

P.T.O.

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- vi. Interest on loan for self-occupied house taken before 1st April, 1999 will be allowed up to _____. **1**
 (a) 30,000 (b) 1,50,000 (c) 10,000 (d) 50,000
- vii. Under the Income Tax Act, 1961, depreciation on machinery is charged on _____. **1**
 (a) Purchase price of the machinery
 (b) Written down value of the machinery
 (c) Market price of the machinery
 (d) All of these
- viii. From the following which expenses is disallowed? **1**
 (a) Salaries (b) Donation
 (c) Rent and Taxes (d) Insurance
- ix. Rent received by original tenant from sub-tenant is taxable under the head _____. **1**
 (a) Income from House Property (b) Income from Other Sources
 (c) Income from Capital Gain (d) None of these
- x. The term 'Transfer' includes: **1**
 (a) Exchange of assets (b) Relinquishment
 (c) Compulsory acquisition (d) All of these
- Q.2 i. Explain Assessment Year. **2**
 ii. Subhash discloses following particulars of his receipts during the Previous Year 2018-2019: **8**
 (a) Salary income earned at Pune but received in Sri Lanka 2,50,000
 (b) Income from property, situated in Nairobi and received there 75,000
 (c) Income from agriculture in Bangladesh and brought to India 95,000
 (d) Dividend-paid by an Indian company but received in London on 15th May, 2018 22,000
 (e) Past foreign untaxed income brought to India 2,10,000
 (f) Gift from father, settled in USA, received in India 80,000
 (g) Capital Gains on sale of Land in Delhi, consideration received in Canada 2,50,000
 (h) Income from structure-designing consultancy service, set up in Germany, controlled from India, profits being received outside India 4,00,000

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- Determine his Gross Total Income for the Previous Year 2018-2019 if he is
 I. Resident and Ordinarily Resident
 II. Resident but not Ordinarily Resident
 III. Non-Resident.
- OR iii. Explain any four exempted income u/s 10 in detail. **8**
- Q.3 i. Write short note on House Rent Allowance. **2**
 ii. R submits the following information regarding his salary income for the year 2018-19: Basic salary Rs.15,000 p.m.; D.A (forming part of salary) 40% of basic salary; City Compensatory Allowance Rs.300 p.m.; Children Education Allowance Rs.400 p.m. per child for 3 children; Transport Allowance Rs. 2,000 p.m. He is provided with a rent free unfurnished accommodation which is owned by the employer. The fair rental value of the house is Rs. 24,000 p.a. Compute the gross salary assuming accommodation is provided in a city where population is exceeding 25 lakhs. **8**
- OR iii. What do you mean by perquisites? What are tax free perquisites? Explain any four. **8**
- Q.4 i. How will you determine annual rental value of let out house covered under Rent Control Act? **3**
 ii. Define 'annual value' and state the deductions that are allowed from the annual value in computing the income from house property. **7**
- OR iii. Calculate the Net Annual Value from the given data **7**
- | | House A | House B | House C |
|-----------------|----------|----------|----------|
| Municipal Value | 3,60,000 | 4,50,000 | 5,20,000 |
| Fair Rent | 3,80,000 | 4,20,000 | 5,30,000 |
| Actual Rent | 3,70,000 | 4,40,000 | 5,10,000 |
| Standard Rent | 4,00,000 | 4,30,000 | 5,00,000 |
| Municipal Rent | 10% | | |
- Q.5 i. Write short note on Income from business or profession. **4**

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Marking Scheme
MS3CO12 Business Taxation

Q.1	i.	As per Income Tax Act, 1961, income tax is charged on the income of _____ at rates which are prescribed by the Finance Act of relevant assessment year. (c) Previous year	1
	ii.	An individual is said to be resident in India if _____. (c) All of these	1
	iii.	Pension is _____ under the salary head. (a) Fully taxable	1
	iv.	Which of the following is not taxable under the head Salary? (d) Both (a) and (b)	1
	v.	Calculate the Gross Annual Value from the following details: Municipal Value Rs. 45,000, Fair rental value Rs. 50,000, Standard Rent Rs. 48,000, Actual Rent Rs. 42,000. (b) 48,000	1
	vi.	Interest on loan for self-occupied house taken before 1 st April, 1999 will be allowed up to _____. (a) 30,000	1
	vii.	Under the Income Tax Act, 1961, depreciation on machinery is charged on _____. (b) Written down value of the machinery	1
	viii.	From the following which expenses is disallowed? (b) Donation	1
	ix.	Rent received by original tenant from sub-tenant is taxable under the head _____. (b) Income from Other Sources	1
	x.	The term 'Transfer' includes: (d) All of these	1
Q.2	i.	Definition of Assessment Year.	2
	ii.	Determine his Gross Total Income for the Previous Year 2018-2019 1 mark for each point (1 mark * 8)	8
OR	iii.	Any four exempted income u/s 10 2 marks for each point (2 marks * 4)	8
Q.3	i.	House Rent Allowance. Four steps 0.5 mark for each step (0.5 mark * 4)	2

	ii.	Compute the gross salary Stepwise Marking	8
OR	iii.	Meaning perquisites 2 marks Tax free perquisites 2 marks Any four explanation 1 mark for each (1 mark * 4) 4 marks	8
Q.4	i.	Annual rental value of let out house covered under Rent Control Act 1 mark for each point (1 mark * 3)	3
	ii.	Definition of Annual value 2 marks Any two deductions 2.5 marks for each (2.5 marks * 2) 5 marks	7
OR	iii.	Calculate the Net Annual Value from the given data 2 marks for each house (2 marks * 3) 6 marks Total mathematical question 1 mark	7
Q.5	i.	Income from business or profession. Each type 1 mark (1 mark * 4) 4 marks	4
	ii.	Any four disallowed expenses 2 marks Four reasons 1 mark for each (1 mark * 4) 4 marks	6
	iii.	Compute taxable income from business & Profession 1 mark for each point (1 mark * 6)	6
Q.6		Attempt any two:	
	i.	Meaning long-term capital gain 2 marks Procedure to calculate long term capital gain. 3 marks	5
	ii.	Any five incomes taxable under the head income from other sources. 1 mark for each income (1 mark * 5)	5
	iii.	Write short notes on: (a) Exemptions of Capital Gains u/s 54. 2.5 marks (b) Exemptions of Capital Gains u/s 54 EC. 2.5 marks	5
