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- OR iii. Mr Raj purchased a house in April 1995 for Rs 900000 for self residence. On December 2016, he sold the house for Rs 6500000. He paid Rs 12000 for brokerage on sale of house. Cost inflation index for 1995-96 and 2016-17 are 259 and 1125. Compute his taxable capital gain with working notes for Assessment year 2017-18.

Total No. of Questions: 6

Total No. of Printed Pages:4

Enrollment No.....



Faculty of Management
End Sem (Even) Examination May-2018
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. Assessee is engaged in the business of growing and manufacturing tea in India, the agricultural income in that case shall be **1**
(a) 40% of the income from such business
(b) 60% of the income from such business
(c) Market value of the agricultural produce minus expenses on cultivation of such produce
(d) None of these
- ii. Body of individual should consist of **1**
(a) Individual only
(b) Persons other than individual only
(c) Both (a) and (b)
(d) None of these
- iii. Deduction allowed against gross salary **1**
(a) Professional Tax (b) Service Tax
(c) Income Tax (d) Wealth Tax
- iv. Anil is entitled to children education allowance @ Rs 200 pm per child for 2 children amounting Rs 400 pm. It will be exempted to the extent of **1**
(a) Rs 240 pm (b) Rs 400 pm (c) Rs 200 pm (d) Rs 540 pm
- v. Annual value of self occupied house is **1**
(a) Municipal valuation (b) Fair rent
(c) Nil (d) Standard rent
- vi. Deduction allowed from annual value **1**
(a) Repair expenses (b) Collection charges
(c) Insurance premium (d) None of these

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- vii. In income tax depreciation is charged on **1**
 (a) Book value (b) Cost price
 (c) Market value (d) Written down value
- viii. Disallowed Expense from business income **1**
 (a) Workers salary (b) Managers Salary
 (c) Proprietor salary (d) All of these
- ix. Capital gain in depreciable assets is always **1**
 (a) Short term (b) Long term (c) Tax free (d) None of these
- x. Income from Lottery is **1**
 (a) Casual income (b) Other source income
 (c) Taxable income (d) All of these
- Q.2 i. Explain the concept of person under income tax act. **4**
 ii. Write short notes on **6**
 (a) Agricultural income (b) Casual income
 (c) Exempted income
- OR iii. Mr. Ajay furnished the following information about his Income **6**
 I. Income from house property in US received there and then brought to India Rs 15000
 II. Income from Electronics business in Bhopal Rs 65000
 III. Past untaxed foreign income brought in to India during the previous year Rs 28000
 IV. Income from business in London (which is controlled from Indi(a) Rs 80000
 V. Income from agriculture in London Rs 80000
 VI. Income from agriculture in India Rs 70000
 Compute his taxable income if he is –
 (a) Ordinarily Resident (b) Not-Ordinarily Resident
 (c) Non-resident
- Q.3 i. Explain the meaning of Salary under the income tax act. **2**
 ii. Explain the provision related to entertainment allowance, Transport allowance, Children education & hostel allowance. **8**
- OR iii. From the given information calculate taxable salary income for **8**
 Assessment year 2017-18:
 Basic salary Rs 20000 per month
 Dearness allowance 30% of basic salary

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- Bonus equal to one month's salary
 Children Education allowance Rs 6000 for three children
 Rent free house provided, house is owned by the company, fair rent Rs 30000 per year
 Furniture is also provided, cost of furniture is Rs 20000
- Q.4 i. Explain any four exempted income under income from house property. **4**
 ii. Discuss the procedure of computation of income from house property of fully let out house & self residential house. **6**
- OR iii. Mr. Ram is the owner of three houses, all are let out & rent control act is not applicable. Compute gross annual value of each house **6**
- | Particular | House A | House B | House C |
|-----------------|---------|---------|---------|
| Municipal value | 40000 | 60000 | 80000 |
| Fair rent | 56000 | 70000 | 76000 |
| Actual rent | 50000 | 76000 | 72000 |
- Q.5 i. Explain the meaning of business & profession under income tax act. **4**
 ii. Explain any three expressly allowed and three expressly disallowed expenses for calculating income from business & profession. **6**
- OR iii. Net profit of a trader shows Rs 512000 after debiting following expenses. **6**
 (a) Donation to PM Relief fund Rs 10000
 (b) Guest house expenses Rs 7500
 (c) Donation to political party Rs 12000
 (d) Help to poor student Rs 2500
 (e) Stock destroyed by fire Rs 18000
 (f) Gift to employee on Diwali Rs 5000
 Compute taxable income from business & Profession.
- Q.6 i. Explain provision related to long term & short term capital gain. **4**
 ii. Explain any six incomes taxable under the head income from other sources. **6**

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Scheme of marking
MS3CO12 Business Taxation

Q.1	i.	Assessee is engaged in the business of growing and manufacturing tea in India ,the agricultural income in that case shall be: (b) 60% of the income from such business	1	OR	iii.	1 mark for each entry (1 * 6 = 6 marks) 2 marks for calculation	8
	ii.	Body of individual should consist of (a) Individual only	1	Q.4	i.	Each point of 1 mark (1 mark * 4 = 4 marks)	4
	iii.	Deduction allowed against gross salary: (a) Professional Tax	1		ii.	Computation of let out house & self residential house. (3 mark * 2 = 6 marks)	6
	iv.	A is entitled to children education allowance @ Rs. 200 p.m. per child for 2 children amounting Rs. 400 p.m. It will be exempt to the extent of (c) Rs. 200 p. m	1		iii.	2 marks for each house calculation (2 mark * 3 = 6 marks)	6
	v.	Annual value of self occupied house is: (c) Nil	1	Q.5	i.	meaning of business & profession (2 mark * 2= 4 marks)	4
	vi.	Deduction allowed from annual value: (d) None of these	1		ii.	3 marks each allowed and disallowed (3 mark * 2 = 6 marks)	6
	vii.	In income tax depreciation is charged on : (d) Written down value	1	OR	iii.	Each point of 1 mark (1 mark * 6 = 6 marks)	6
	viii.	Disallowed Expense from business income: (c) Proprietor salary	1	Q.6	i.	Long term & short term capital gain? (2 mark * 2= 4 marks)	4
	ix.	Capital gain in depreciable assets is always: (a) Short term	1		ii.	Each point of 1 mark (1 mark * 6 = 6 marks)	6
	x.	Income from Lottery is : (d) All of these	1		iii.	3 marks for working note 3 marks for statement	6
Q.2	i.	Explain the concept of person under income tax act? Any 4 points : each point of 1 mark (1 mark * 4 = 4 marks)	4			*****	
	ii.	Write short notes. (a) Agricultural income (b) Casual income (c) Exempted income Each short notes of 2 mark (2 mark * 3 = 6 marks)	6				
	iii.	Each point of 1 mark (1 mark * 6 = 6 marks)	6				
Q.3	i.	Meaning of Salary 2 marks	2				
	ii.	Each allowance. of 2 mark (2 mark * 4 = 4 marks)	8				