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SARDAR PATEL UNIVERSITY
BBA (VI - Semester) Examination
2017

Saturday, 1st April

10.00 am - 12.00 pm

UM06CBBA04 - Business Taxation II

Total Marks: 60

Note: Figures to the right indicate marks.

Q.1 Smt. Priyamvada gives you the following Profit and Loss Account for the year ended 31st March, 2016: (15)

Particulars	Rs.	Particulars	Rs.
To Staff salaries	40000	By Gross Profit	420000
To Rent to proprietor's house	10000	By Rent from house property	40000
To Charity	8000	By Dividend from Indian companies	10000
To Depreciation	40000	By Discount received	5000
To Legal expenses	10000	By Rent from staff quarters	15000
To Bonus to employees	20000	By Refund of Sales Tax	8000
To Gratuity to employees	30000		
To Provision for Sales Tax	40000		
To provision for Bad debts	20000		
To Traveling expenses	10000		
To Scientific research exp's	20000		
To Net Profit	250000		
	498000		498000

Other information:

- Charity was given to an approved institution.
- Gratuity was paid on ad-hoc basis.
- Allowable depreciation as per IT rules Rs. 50000
- Sales tax of the year 2014-15 paid during the year Rs. 12000 not charged to Profit and Loss Account.
- Scientific research expenses were paid to an approved research institution U/s 35(1) (iii).

Compute taxable business income of Smt. Priyamvada for the A.Y. 2016-17.

OR

Q.1 Mr. Prasad, a layer who maintains books of account on Cash basis furnishes the following Receipts and Payments Account for the year ended 31st March, 2016. (15)

Receipts	Rs.	Payments	Rs.
To Balance b/d	21000	By Office expenses	40000
To Fees from clients:		By Salary to Staff	43000
2014-15	203000	By Purchase of typewriter	7000
2015-16	1240000	By Car expenses	18000
To Presents from clients	24000	By Repairs of office	12000
To Loan from a client	8000	By Purchase of car	240000
		By Interest on loan	1000
		By Income Tax payment	2000
		By Life Insurance prem.	33000
		By Balance c/d	1100000
	1496000		1496000

Other information:

1. Car was purchased on 1st January, 2016.
2. Car is utilised for non-profession purposes by his friend. In the past years, two-fifth of this expenditure was disallowed.

Determine the taxable income of Mr. Prasad for the A.Y. 2016-17.

Q.2 Mr. Vicky furnishes the following information for the previous year 2015-16. (15)

1. He purchased 1000 (non-listed) shares in AR Ltd. on 16th August 1990 for Rs. 8000.
2. On 17th May, 1992 he gets 500 bonus shares.
3. On 20th October, 2012 he acquires 1500 right shares for Rs. 13794.
4. He sells 3000 (non-listed) shares in AR Ltd. on 12th February, 2016 at the rate of Rs. 110 per share. Brokerage being 1% on sale.
5. He purchases a residential house for Rs. 290000 on 29th June, 2016 from the sale proceeds of shares.
6. He owns a residential house, even before the purchase of above house.
7. Cost inflation Index Nos. are as under :
1981-82: 100, 2012-13 : 852, 2015-16 : 1081

Ascertain the amount of Capital gain chargeable to tax for the A.Y. 2016-17.

OR

Q.2 Smt. Vidhi purchases a house property for Rs. 100000 on 30-6-1967. The following expenses are incurred by her for making addition/alteration to the house property: (15)

1. Cost of construction of first floor in 1975-76 Rs. 110000
2. Cost of construction of second floor in 1983-84 Rs. 340000.
3. Alteration/reconstruction of the property in 1992-93 Rs. 290000.
4. Expenses on transfer of property Rs. 10000.

Fair market value of the property on 1-4-1981 is Rs. 460000. The house property is sold by Smt. Vidhi on 15-6-2015 for Rs. 12500000.

Cost Inflation Index Nos:

1981-82: 100, 1983-84: 116, 1992-93: 223, 2015-16: 1081

Find out the income under the head "Capital Gain" for the A.Y. 2016-17.

Q.3 Shri Rajesh holds the following securities on 1st April, 2015: (15)

1. Rs. 20000, 6.5% Central Govt. Loan (date of payment of interest is 10th July every year)
2. Rs. 80000, 8% Debentures (non-listed) of AB Ltd. (Dates of payment of interest are 15th May and 15th November every year)
3. Rs. 20000, 9% Relief Bonds (tax-free).

Apart from the above securities, he invests in (non-listed) Gujarat Govt. Loan, Maharashtra Govt Loan and debentures of CD Ltd. (non-listed) on 30th June, 2015 and receives Rs. 8000, Rs. 16000 and Rs. 36000 respectively as interest on 31st December, 2015. He pays 2% commission to bank for collecting interest (net) on securities.

His other incomes are as under:

1. Post Office Saving Bank interest Rs. 4300.
2. SBI Saving Bank interest Rs. 9541.

Determine the taxable income of Shri Rajesh for the A.Y. 2016-17 Under the head 'Income from Other Sources'.

OR

Q.3 Write short notes on:

1. Deduction U/s 80 C (08)
2. Deduction U/s 80 G (07)

Q.4 Write short notes on:

1. Company (08)
2. Computation of Tax Liability of Company (07)

OR

Q.4 Discuss the following:

1. Minimum alternate tax (08)
2. Computation of Book Profit (07)

