

[A-20/21] Seat No. _____

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SARDAR PATEL UNIVERSITY
B. B. A. (VI Semester) (2010 batch) EXAMINATION
Saturday, 18th March, 2017
2.00 p.m. to 4.00 p.m.
UM06CBBA04/09 : Business Taxation

Total Marks : 60

- Q.1 Write short notes on the following: (15)
- (i) Agricultural Income
 - (ii) Permanent Account Number
 - (iii) Deduction U/S 80D

OR

- Q.1
- (A) State the provisions of Income-tax Act for determining the Residential Status of an individual. (07)
- (B) State any eight incomes exempted from tax. (08)

- Q.2 Smt. Darshna, a regular employee of ABC Ltd. in Ahmedabad gets the following emoluments during the previous year 2015-16 : (15)

- (1) Basic Salary Rs. 60000 per month (which has been increased by Rs. 4000 per month from 1-8-2015)
- (2) Dearness Allowance : 40% of basic salary.
- (3) City compensatory allowance : Rs. 4000 per month
- (4) Children education allowance : Rs. 300 per month per child for three children.
- (5) Bonus : Rs. 40000
- (6) Entertainment allowance : Rs. 3000 per month.
- (7) The employer and employee's contribution in recognised provident fund : Rs. 4000 per month.
- (8) The company has provided her with a rent free unfurnished accommodation for which the company pays monthly rent Rs. 6000.
- (9) Smt. Darshna is provided car having 1.5 liter engine capacity without the services of driver for both official and personal use.
- (10) Professional tax Rs. 200 and Income-tax Rs. 3000 were deducted from her salary every month.

Compute her total salary for A.Y. 2016-17

OR

Q.2

- (A) Mention perquisites which are taxable in the hands of "Specified Employees" only. (05)
- (B) From the following particulars, compute taxable House rent allowance for assesses P and Q for the A. Y. 2016-17 : (10)

Particulars	Assessee's Name	
	P (Rs.)	Q (Rs.)
Basic Pay	256000	180000
Dearness Allowance	46400	39600
Bonus	24000	20000
House Rent Allowance	57000	12% of salary
Actual Rent Paid	90000	19200
Place of Service	Delhi	Mumbai

Note :

- (1) P's contribution to provident fund is based on the total of basic salary and dearness allowance.
- (2) Q has occupied his newly constructed house w.e.f. 1-1-2016

Q.3

- (A) State when property income is not charged to Tax. (05)
- (B) Mr. Ram is the owner of a house property in Delhi. It has been let out for Rs. 10000 p.m. The tax payable by the owner comes to Rs. 20000 on municipal valuation of Rs. 100000 but Mr. Ram has taken an agreement from the tenant stating that the tenant would pay tax direct to municipality. The land lord, However, bears the following expenses. (10)

Water Charges as per agreement	Rs. 2000
Lift maintenance	Rs. 1500
Gardener's Salary	Rs. 1500
Lighting of Stairs	Rs. 1000

Mr. Ram claims the following deduction:

Repairs	Rs. 20000
Land revenue	Rs. 2000
Collection Charge	Rs. 4000

Compute taxable income from house property for the A.Y. 2016-17

OR

- Q.3 Mr. Shyam owns three houses, particulars of which are as follows: (15)

Particulars	House-I (Rs.)	House-II (Rs.)
Municipal Valuation	48000	50400
Fair rent	45800	49200
Standard rent	45600	51600
Rent received per month	4500	5000
Vacancy Period	1 month	1/2 month
Municipal taxes	5%	500
Unrealised rent	9000	5000
Interest on loan for repairs	7090	16400

He resides in House-III of which municipal value is Rs. 84000. Municipal taxes are 6% and interest on loan for repairs is Rs. 10000. House-I and II both are let out.

Computes his taxable income from house property for the A.Y. 2016-17

- Q.4 Mr. Jeet is a medical practitioner. He keeps his books on cash basis. He furnishes the following information for the year ended 31-3-16: (15)

Receipt & Payment A/C for the Year ended 31-3-16

Receipt	Rs.	Payment	Rs.
To Bal. b/d	450000	By cost of Medicine	20000
To loan from bank for Pvt. purpose	20000	By surgical Equipments	8000
To Sale of medicine	50000	By Motor Car	440000
To consultancy fees	120000	By Car exps.	12000
To visiting fees	1060000	By Salaries	62000
To Interest on Govt. Security	10000	By Rent of dispensary	4000
To Rent from Property (not subjects local taxes)	8000	By General Exps.	2000
		By personal exp.	22000
		By Life Ins. Prem.	6000
		By Int. on loan from Bank	2000
		By Insurance of Property	2000
		By Telephone Exps.	6000
		By bal C/d.	1132000
	1718000		1718000

Additional Information :

- (1) 1/4 of car expenses are in respect of his personal use.
- (2) Depreciation allowable on motor car is 15% and on surgical equipments is 15%. Both the assets were purchased on 1-12-2015.
- (3) Opening & Closing stock of medicine was Rs. 40000 and Rs. 20000 respectively.

Compute Mr. Jeet's Income from profession for the A. Y. 2016-17.

OR

- Q.4 From the follows profit and loss A/c of Mr. Kiran for the year ended 31-3-2016 ascertain taxable business income for the A.Y. 2016-17: (15)

Particulars	Rs.	Particulars	Rs.
To opening stock	80000	By sales	1000000
To purchases	600000	By closing stock	96000
To salaries	160000	By Rent from House Property	24000
To Rent rates & Taxes	24000	By Dividend from Indian Companies	20000
To legal charges	8000		

To Miscellaneous exps.	4000		
To B D R	6000		
To Provision for Gratuity	4000		
To Provision for Income tax	8000		
To salary to smt. Kiran	12000		
To Depreciation	8000		
To Office exps.	6000		
To Net Profit	220000		
	1140000		1140000

Additional Information:

- (1) Opening stock was over valued by 25% and closing stock was under valued by 25%
- (2) Miscellaneous exp. includes Rs. 1000 as customs penalty paid during the year.
- (3) Smt. Kiran is a law graduate and actively working in the assessee's firm.
- (4) Rent, rates and taxes include 2000 an account of disputed sales tax demand. Rs. 600 on account of municipal taxes for property let out.
- (5) An amount of Rs. 4000 from a customer was written off from the Bad debts reserve.
