



DDD-010-001504

B. B. A. (Sem. V) (CBCS) Examination

April / May – 2015

504 : Business Taxation - I

Faculty Code : 010

Subject Code : 001504

Time : $2\frac{1}{2}$ Hours]

[Total Marks : 70

- Instructions : (1) Give answer of all the questions in one answer book only.
(2) Show working as a part of your answer.
(3) Figures to the right in bracket indicate full marks of the question.

- 1 Give answers of the following Multiple Choice Questions : 20
- (1) X commenced his new business on January 3, 2013..
His Assessment Year will be :
- (A) 2012-13
(B) 2013-14
(C) 2011-12
(D) None of the above
- (2) The Income Tax is :
- (A) Indirect Tax
(B) Tax on purchase
(C) Direct Tax
(D) None of the above
- (3) Mr. Y is a legal representative of his friend Z who died on 15-5-2013. X shall be treated as :
- (A) Deemed assessee
(B) Defaulter assessee
(C) Heir of deceases friend
(D) None of the above

- (4) Income from agriculture is taxable if other income exceeds maximum tax free limit and agricultural income exceeds :
- (A) Rs. 5,000
 - (B) Rs. 15,000
 - (C) Rs. 2,50,000
 - (D) Rs. 5,00,000
- (5) Which of the following incomes is taxable in the previous year instead of assessment year ?
- (A) Income from business and profession
 - (B) Income from discontinued business
 - (C) Capital gain
 - (D) None of the above
- (6) Maximum tax free limit in case of super senior citizen, for the Assessment Year 2014-15 is :
- (A) Rs. 1,90,000
 - (B) Rs. 2,00,000
 - (C) Rs. 5,00,000
 - (D) Rs. 2,50,000
- (7) Which of the following payment is not available as deduction under section 80 C :
- (A) Life insurance premium on own life
 - (B) Public Provident Fund
 - (C) Life insurance premium on the life of married son.
 - (D) Medical insurance premium for parents
- (8) Share in the income of a Hindu Undivided Family received by its members is :
- (A) Fully taxable
 - (B) Partly taxable
 - (C) Fully tax free
 - (D) Partly tax free

- (9) Y is minor son of Mr. X. Y earns a taxable income of Rs. 10,000 during the year. How much amount of income of Y shall be added in the taxable income of his father X ?
- (A) Rs. 10,000
 - (B) Rs. 8,500
 - (C) Rs. 5,000
 - (D) Rs. 1,500
- (10) Which of the following incomes is fully tax free ?
- (A) Pension
 - (B) Dividend from Indian company
 - (C) Winning from lotteries
 - (D) Long term capital gain
- (11) Contribution by employer to Recognized P F of employee is tax free :
- (A) Up to 12% of salary
 - (B) Up to 9.5% of salary
 - (C) Up to 10% of salary
 - (D) None of the above
- (12) Which of the following assessee is not allowed deduction u/s 80 GGA in respect of Donation for scientific research?
- (A) Assessee who is income from house property
 - (B) Assessee who has agricultural income
 - (C) Assessee who has income from business
 - (D) None of the above
- (13) Salary received by a Member of Parliament is taxable under the head :
- (A) Income from other sources
 - (B) Income from business
 - (C) Income from salary
 - (D) None of the above
- (14) Return of income filed after due date of filing return is called :
- (A) Returned on demand
 - (B) Voluntary Return
 - (C) Belated Return
 - (D) Revised Return

- (15) To identify the assessee a card is issued by the income tax authority to each assessee. This card is known as :
- (A) Permanent Account Number
 - (B) Aadhar Card
 - (C) Identity Card
 - (D) None of the above
- (16) A person who receives Gratuity also has commuted his pension. How much of the commuted pension shall be tax free ?
- (A) 1/3rd of full pension
 - (B) 1/2nd of full pension
 - (C) Full amount of commuted pension
 - (D) 1/2nd of such pension received.
- (17) X is physically handicapped. He receives Rs. 2,000 p.m. as Transport allowance. How much of the transport allowance shall be tax free ?
- (A) Rs. 800 p.m.
 - (B) Rs. 1,600 p.m.
 - (C) Rs. 2,000 p.m.
 - (D) None of the above
- (18) Interest on loan taken for higher education is allowed as deduction u/s 80 E for how many years ?
- (A) 8 years
 - (B) 10 years
 - (C) 15 years
 - (D) None of the above
- (19) A person is liable to pay advance tax if the amount of tax payable by him during the previous year is likely to exceed :
- (A) Rs. 5,000
 - (B) Rs. 10,000
 - (C) Rs. 2,50,000
 - (D) Rs. 1,50,000

(20) Assessment of income done by the assessing officer without asking the assessee to remain present is called :

- (A) Summary Assessment
- (B) Self assessment
- (C) Best Judgment assessment
- (D) Reassessment

2 Mr. A, a citizen of England visits India for 95 days every year since the financial year 2008-09. Determine his residential status for the Assessment Year 2013-14 and 2014-15. 10

OR

2 Mr. B furnishes the following information regarding his income earned during the year ended on March 31, 2014. 10

1. Profit from a business in Mumbai Managed from USA Rs. 1,60,000
2. Pension for services rendered in India but received in Australia Rs. 15,000
3. Interest on France Government Bonds, half of which received in India Rs. 4,000
4. Income from property situated in Bangladesh received there Rs. 20,000
5. Past foreign untaxed income brought to India during the previous year Rs. 7,000
6. Income from agricultural land situated in South Africa received there and then brought to India Rs. 30,000
7. Income from a business in China which is controlled from India, received there Rs. 12,000.

Compute his Gross Total Income for the assessment year 2013-14 if he is :

- (A) Resident and ordinarily resident
- (B) Not ordinarily resident
- (C) Non-resident

3 Mr. C is a Finance Manager in XYZ Ltd. furnishes the 10
following information regarding his salary income for the
year ended on March 31, 2014.

1. Basic salary;Rs. 17,000 p.m.
2. Dearness Allowance;
(Rs. 4,000 is part of salary).....Rs. 6,000 p.m.,
3. Bonus : Rs. 5,000
4. Travelling allowance Rs. 45,000 during the year.
(He spent Rs. 30,000 for official purpose)
5. Reimbursement of medical expenses Rs. 25,000
(Treatment was taken in private hospital)
6. He was provided a rent free house owned by the
company in Ahmedabad (Population 50 lakh) for his
residence, He was also provided the facility of Watchman
and Cook each of them is being paid Rs. 5,000 p.m. by
the company.
7. He contributes to Recognized PF Rs. 3,000 p.m. To which the
company contributes an equal sum.
8. Interest accrued to PF @ 12% amounts to Rs. 24,000.
9. He has paid Rs. 200 p.m. as professional tax.

Compute his taxable salary income for the A/Y 2014-15.

OR

3 Mr. D the General Manager in Excel Ltd. furnishes the 10
following information regarding his income for the year ended
on March 31, 2014.

1. Basic salary Rs. 40,000 p.m.
2. Dearness Allowance Rs. 10,000 p.m.
(Forming part of salary)
3. Transport Allowance Rs. 2,000 p.m.
4. Children Education (For two children) Rs. 500 p.m.
5. Company provides free lunch during office hours for 300
days during the year. Cost per lunch is Rs. 110.

6. House Rent Allowance Rs. 10,000 p.m. (He has hired a residence in Surat @ Rs. 12,000 p.m.)
7. Company has given a Car exceeding 1.6 litre capacity with driver for personal and official use. All expenses in respect of car are paid by the company.
8. He has paid Profession tax Rs. 200 p.m.

Compute his taxable salary for the A/Y 2014-15.

- 4 Mrs. E furnishes the following information regarding her income for the year ended on March 31, 2014. 10

Income from Salary (Computed)	Rs. 3,80,000
Income from business (Computed)	Rs. 2,40,000
Winning from lotteries (Net)	Rs. 35,000
Interest on Bank deposit (Gross)	Rs. 50,000

She has made following payments and investments during the year :

1. Subscription to National Saving Certificate : Rs. 40,000
2. Contribution to Public Provident Fund : Rs. 30,000
3. Tuition fees of the children : Rs. 50,000
4. Medical insurance Premium for own health Rs. 10,000 and for the health of her husband Rs. 8,000.
5. Deposit for the maintenance of her daughter who is mentally retarded Rs. 25,000
6. Donation for scientific research to approved institution Rs. 5,000
7. Donation to PM's National Relief Fund Rs. 10,000
8. Donation to Indira Gandhi Foundation Rs. 12,000

Compute her taxable income for the Assessment Year 2014-15.

OR

4. Mr. F retired on 1-1-2014 after a continuous service of 26 years and received Gratuity of Rs. 9,00,000 and Leave salary Rs. 5,00,000 for his leave balance of 480 days. He was granted 35 days leave every year. Salary drawn by him during last twelve months was as under :
- Basic Salary : up to June 2013 : Rs. 30,000 p.m. and there after Rs. 35,000 p. m.
- Dearness Allowance : 50% of basic salary. (Half of DA is forming part of salary) Bonus Rs. 40,000.
- Compute taxable amount of Gratuity and Leave Salary for the A/Y 2014-15 assuming he is covered under the Payment of Gratuity Act. 10
- 5 Define the following terms : 10
1. Agricultural Income
 2. Previous Year
- OR
- 5 Enlist any ten incomes which are tax free under section 10 of Income Tax Act-1961. 10
- 6 Write short notes: (Any two) 10
- (A) Voluntary Return
 - (B) Permanent Account Number
 - (C) Powers of Assessing Officer
 - (D) Advance Tax.