



NAP-010-001604 Seat No. _____

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

March / April - 2017

**604 : Business Taxation - I
(New Course)**

Faculty Code : 010

Subject Code : 001604

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 indicate full marks of the question.

- 1 Mr. A, a resident in India owns a big house which was 14
constructed in 2010. The municipal value of the house is
Rs.1,60,000, fair rent may be taken as Rs. 1,80,000. The
standard rent has been fixed at Rs. 1,70,000. 50% of the
floor area of the house was let out for residential purpose
on a monthly rent of Rs. 8,000. However this portion remains
vacant for two months during the previous year 2015-16.
25% of floor area was used for his own residential purpose
while remaining 25% of floor area was used for his own
business purpose.

He has incurred following expenses in respect of this house :

Municipal tax paid : Rs. 16,000

Interest on loan taken for construction of this house:
Rs. 40,000

Repair and renovation of the house : Rs. 24,000

Fire insurance premium : Rs. 2,000.

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

OR

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[Contd...

- 1 Following is the Receipt and Payment Account of Mr. B, 14
a Consulting Engineer for the year ended on March 31,2016.

Balance brought forward	56,000	Salaries	1,00,000
Consultation fees:		Rent of office	60,000
2014-15	50,000	Telephone charges	24,000
2015-16	5,10,000	Professional expenses	20,000
Bank interest	64,000	Motor car expenses	48,000
House rent	25,000	Misc. Expenses	30,000
Gift from clients	50,000	Purchase of Car	1,80,000
Gift from father	70,000	Personal expenses	1,80,000
		Purchase of professional books	8,000
		Life Insurance premium	15,000
		Income tax paid	60,000
		Balance carried forward	1,00,000
	8,25,000		8,25,000

Other Information :

- (1) 1/3 of the use of car is for personal purpose.
 - (2) Depreciation allowed on car at 20%.
 - (3) Car was purchased on 1-11-2015.
 - (4) Rent includes Rs. 30,000 paid for residential accommodation.
 - (5) Misc. expenses include a donation of Rs. 20,000 to a registered trust.
 - (6) Books were purchased on 1-8-2015.
- Compute income from profession for the A.Y. 2016-17.

- 2 Mr. C sold a plot of land for Rs. 36,00,000 on 31-12-2015 14
and paid brokerage Rs. 1,00,000. He had purchased this
land 1-8-2003 at a cost of Rs. 6,00,000. He also expended
Rs. 1,00,000 for construction of protection wall to this land
on 10-10-2009. incurred Rs. He purchased house for
Rs. 20,00,000 on 15-1-2016, as he does not own any
residential house. He also invested Rs. 3,00,000 in the bonds
issued by Rural Electrification Corporation Ltd. redeemable
after 5 years and 1,00,000 in the equity shares issued by
X Ltd. an Indian Company.
Compute taxable capital gain for the A.Y. 2016-17.
(Cost Inflation index : 2003-04 : 463, 2009-10: 632,
2015-16: 1081)

OR

2 Mr. D furnishes the following information regarding his income for the year ended on March 31, 2016. **14**

- (1) Rent received from sub letting of house : Rs. 21,000.
(He pays house rent Rs. 3,000 per month. 1/3 of the floor area has been let out)
- (2) Income from agriculture in South Africa : Rs. 2,20,000
- (3) Dividend from an Indian company : Rs. 40,000 (Collection charge paid Rs. 500)
- (4) Dividend from a foreign company: Rs. 60,000 (Collection charge paid Rs. 1,400)
- (5) Interest on post office saving account : Rs. 3,000.
- (6) Received remuneration for examining answer books in university examination : Rs.8,000
- (7) Winning from lotteries (Net) : Rs. 35,000. (TDS at 30%)
- (8) Interest on bank deposits (Net) : Rs. 27,000 (TDS 10%)
- (9) Rent received for factory let out: Rs. 75,000.
- (10) Interest on tax free debentures of an Indian company : Rs. 9,000.

He has incurred the following expenses:

- (a) He purchased lottery tickets for Rs.10,000 during the year.
- (b) He has paid insurance premium for the factory let out Rs. 5,000

Compute his gross total income assuming his income from salary is Rs. 4,00,000.

3 Mr. M and N are partners in MN & Co. a registered partnership firm, sharing the profit and loss equally. Net Profit of the firm for the year ended on March 31, 2016, after debited the following expenses was Rs. 1,50,000. **14**

General expenses: Rs. 70,000

Salary to employees: Rs. 2,80,000

Depreciation: Rs. 60,000

Interest on loan from SBI : Rs. 10,000

Interest on capital to partners @ 18%: Rs. 90,000

Remuneration to partners : Rs. 5,50,000

Rent of shop paid to M : Rs. 24,000

Other Information :

- (a) Capital provided by each partners is Rs. 2,50,000
- (b) Both are working partners.
- (c) Depreciation allowable as per Income Tax Act amounts to Rs. 50,000
- (d) General expenses includes Rs. 10,000 paid as help to poor students.

You are required to compute book profit, taxable income and tax liability of the firm for the A.Y. 2016-17.

OR

- 3** Following is the P & L A/c of XYZ Ltd. For the year **14** ended on March 31, 2016 :

Office expenses	40,000	Gross profit	5,66,000
Salaries to staff	1,40,000	Long term	
Fire insurance		capital gain	60,000
premium	20,000	Interest on securities	9,000
Printing & Stationery	15,000		
General Reserve	40,000		
Depreciation	50,000		
Provision for			
Income tax	1,90,000		
Net profit	1,40,000		
	6,35,000		6,35,000

Other information :

- (1) Depreciation admissible is Rs. 35,000
 - (2) Office expenses includes donation to National Defense Fund Rs. 10,000
 - (3) Interest on securities is net to TDS at 10%.
- Compute taxable income of the company for the A. Y. 2016-17.

- 4** Distinguish `Tax evasion, Tax avoidance and Tax planning. **14**

OR

- 4** Discuss the objectives and advantages of Tax management. **14**

- 5** Write short notes : (any **two**) **14**

- (a) Advantages of Value Added Tax.
- (b) Unabsorbed Depreciation
- (c) Features of Central Sales Tax
- (d) Administrative mechanism of Service Tax.