



RZ-010-001604

Seat No. _____

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

March - 2019

604 - Business Taxation - II

Faculty Code : 010

Subject Code : 001604

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

[Total Marks : 70

- 1 Mahesh own 3 Houses, particulars of which are as follows : 14

| Particulars | Tan (Let-out) ₹ | Man (S.O.) ₹ | Dhan (S.O.) ₹ |
|--|-----------------------|--------------------|---------------------|
| (1) Municipal Valuation | 90,000 | 20,000 | 40,000 |
| (2) Fire rent | 96,000 | 26,000 | 36,000 |
| (3) Rent receivable (p.m.) | 10,000 | - | - |
| (4) Municipal taxes (paid) | 18,000 | 10% | 10% |
| (5) Interest (unpaid) on housing loan (for construction or repairs) | 4,000 | 6,000 | (unpaid) 3,000 |
| (6) Insurance premium on building | 2,000 | 1,000 | 2,000 |
| (7) Date of completion of construction | 1-4-15 | 31-3-13 | 31-3-14 |
| (8) Int. on loan paid during construction period | - | 10,000 | 12,000 |
| (9) Land revenue | 1,000 | 200 | 300 |
| (10) Repayment of housing loan | - | 10,000 | 12,000 |

The tenant (who was in possession of Tan upto 28-2-2018) has not paid 10 months rent. The house (Tan) has remained vacant in March 2018.

Compute the taxable income of Mahesh under the head income from house property for the A.Y. 2018-19.

OR

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[Contd...

- 1 The Profit and Loss Account of a cell-phone dealer for 14
the previous year ending 31-3-2018 is given below :

| Particulars | ₹ | Particulars | ₹ |
|----------------------------|------------------|----------------------------------|------------------|
| To Rent paid | 1,80,000 | By Gross profit | 19,43,500 |
| To Salaries | 10,82,000 | By Rent of L.O.H.P | 3,60,000 |
| To Diwali expenses | 12,000 | By Hire charges of cell phone | 2,59,500 |
| To Interest on loan | 1,20,000 | By Sundry income | 26,000 |
| To Sundry expenses | 67,000 | By Commission | 37,000 |
| To Bad debts | 7,500 | | |
| To Charities | 97,000 | | |
| To Bad debts reserve | 22,000 | | |
| To Local rates | 6,000 | | |
| To Entertainment expen. | 8,500 | | |
| To Loss by fire | 24,000 | | |
| To Net profit | 10,00,000 | | |
| | 26,26,000 | | 26,26,000 |

You are required to compute the taxable business income for the A.Y. 2018-19 after taking into account the following information :

- (1) 'Rent paid' includes ₹ 42,000 in respect of the shop owned by the assessee.
- (2) 'Salaries' includes ₹ 96,000 paid to the assessee's graduate son for regarding part-time services to the business.
- (3) 'Interest on loan' includes ₹ 25,000 paid as interest on a loan taken from the assessee's wife.
- (4) The assessee has also earned ₹ 1,60,000 on sale of smuggled mobiles, which has not been shown in the above P and L A/c.
- (5) 'Local Taxes' includes ₹ 3,000 in respect of let-out house property.

- 2 Compute the Capital gains chargeable to tax of Mr. Jain 14
from the following details for the A.Y. 2018-19.

| No. | Date of Purchase | Selling Price | Transfer Charges | Cost | Particulars of Assets | Index of year of purchase |
|-----|------------------|---------------|------------------|-----------|----------------------------------|---------------------------|
| 1 | 1-1-88 | 42,03,000 | 23,000 | 3,00,000 | only self occupied house | 100 |
| 2 | 1-6-2015 | 4,60,000 | - | 1,62,560 | shares of Reliance ltd. | 254 |
| 3 | 1-3-2014 | 2,52,800 | 4,000 | 2,64,000 | shares of Tata ltd. | 220 |
| 4 | 1-9-2005 | 34,48,100 | 11,000 | 14,04,000 | Jewellery | 117 |
| 5 | 1-1-2017 | - | - | 8,76,000 | Residential house for S.O. (New) | |

He has sold old self-occupied house on 15-3-2018. The GST inflation index of financial year 2017-18 is 272 (CIF as on 1-4-2001 was 100).

On 1-4-2001 the fair market values of self occupied house and jewellery were ₹ 12,00,000 and ₹ 1,80,000 respectively. Shares of both the companies (sold on 1-11-2017) were subject to STT.

OR

2 Mr. Vastal has furnished the following particulars of his investments for the year ending 31-3-2018 : **14**

(1) ₹ 30,000 10% Tax free Debentures of Y ltd. (TDS at 20%)

(2) ₹ 54,000 7% Gujarat Government loan.

(3) ₹ 5,000 6.5% Treasury Savings Deposit Certificates. On 31-7-2017 he had sold ₹ 20,000 7% Gujarat Govt. Loan out of ₹ 54,000 held on 1-4-2017 and invested ₹ 40,000 in 10% Tax free Debentures (TDS 20%) purchased at par on that date. He had borrowed ₹ 15,000 at 15% p.a. interest. Interest was paid on 30th June and 31st December.

(4) Dividend received on shares of foreign companies ₹ 12,000.

(5) He had received the following agricultural incomes during previous year :

(a) From Agricultural land situated in India ₹ 85,000.

(b) From land situated outside India ₹ 3,25,000.

Calculate his taxable income for the A.Y. 2018-19 under the head 'Income from other sources'.

3 The following is the Profit and Loss A/c of the firm of Chartered Accountants of Shah & Shah. They share profits and loss equally. The firm satisfies all conditions of section 184 and 40 (b). **14**

| Profit & Loss A/c | | | |
|----------------------------------|------------------|-------------------|------------------|
| For the year ending on 31-3-2018 | | | |
| Office expenses | 4,50,000 | Professional fees | 4,25,000 |
| Depreciation | 2,40,000 | Consultation fees | 4,75,000 |
| Remuneration to partners | 6,25,000 | Net Loss | 5,35,000 |
| Interest on capital | 1,20,000 | | |
| | 14,35,000 | | 14,35,000 |

Other Informations :

- (1) ₹ 2,00,000 out of the office expenses is not admissible.
- (2) Depreciation allowable as a deduction is ₹ 2,55,000.
- (3) Interest on partners capital not deductible is ₹ 75,000.

Compute the 'Book Profit' for the purpose of remuneration payable to partners.

Also compute the actual amount of remuneration payable to partners.

OR

- 3** Raj ltd. engaged in diversified activities, earned a net Profit of ₹ 14,25,000. Its total/net income (as per normal provisions) after considering certain adjustments and incomes under other heads of income comes to ₹ 1,70,000. Given below is a list of some of the items considered relevant for the computation of book profit : **14**

- (a) Provision made in the books for loss of subsidiary ₹ 70,000.
- (b) Provision made in the books for provision of income tax ₹ 1,05,000.
- (c) Depreciation debited to P and L A/c to the extent attributable to revalued fixed assets ₹ 1,50,000.
- (d) Income from units of UTI credited to P and L A/c ₹ 75,000.
- (e) Brought forward depreciation or business loss whichever is less as per books of accounts ₹ 6,00,000.

Examine the applicability of section 115JB and compute book profit and the tax credit to be carried forward.

- 4** Write short notes on : (any two) **14**
- (a) Tax planning
 - (b) Tax Avoidance
 - (c) Tax Evasion
 - (d) Essentials of Tax planning

- 5** Write short notes on : (any two) **14**
- (a) VAT registration
 - (b) Service Tax
 - (c) Gujarat Value Added Tax
 - (d) Central Sales Tax Process.