



RZ-010-001611

Seat No. _____

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

March - 2019

Business Taxation - 02 : Paper - 604

(New GST) (Old Course)

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] Rs.	Man [S.O.] Rs.	Dhan [S.O.] Rs.
1	Municipal Valuation	90,000	20,000	40,000
2	Fair rent	96,000	26,000	36,000
3	Rent receivable [p.m.]	10,000	–	–
4	Municipal taxes [Paid]	18,000	10%	10% [unpaid]
5	Interest [unpaid] on housing loan [for construction or repairs]	4,000	6,000	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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1 The Profit and Loss Account of a cell-phone dealer for the previous year ending 31-3-2018 is given below :

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Particulars	Rs.	Particulars	Rs.
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 phones	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 exp.	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 of the Taxable Business for the A.Y. 2018-19 after taking into account the following information :

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

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

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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	Share 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 had sold old self occupied house on 15-3-2018. The cost 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 Rs. 12,00,000 and Rs.1,80,000 respectively. Shares of both the companies [sold on 1-11-2017] were subject to STT.

OR

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

- (1) Rs. 30,000 10% Tax Free Debentures of Y Ltd. [T.D.S. at 20%]
- (2) Rs. 54,000 7% Gujarat Government Loan.
- (3) Rs. 5,000 6.5% Treasury Savings Deposit Certificates.

On 31-7-2017 he had sold Rs. 20,000 7% Gujarat Govt. Loan out of Rs. 54,000 held on 1-4-2017 and invested Rs. 40,000 in 10% Tax free Debentures [T.D.S. 20%] purchased at par on that date. He had borrowed Rs. 15,000 at 15% p.a. interest. Interest was paid on 30th June and 31st December.

- (4) Dividend received on shares of foreign companies Rs. 12,000.
- (5) He had received the following agricultural income during previous year :

- (A) From Agricultural land situated in India Rs. 85,000
- (B) From land situated outside India Rs. 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 **14**
Accountants of Shah & Shah. They share profits and loss equally.
The firm satisfies all conditions of section 184 & 40 (b).

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 :

- (A) Rs. 2,00,000 out of the office expenses is not admissible.
- (B) Depreciation allowable as a deduction is Rs. 2,55,000.
- (C) Interest on partners capital not deductible is Rs. 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**
Rs. 14,25,000. Its Total/Net Income [as per normal provisions] after considering certain adjustments and incomes under other heads of income comes to Rs. 1,70,000. Given below is a list of some of the items considered relevant for the computation of Book-Profit.

- (A) Provision made in the books for loss of subsidiary Rs. 70,000.
- (B) Provision made in the books for Provision of income tax Rs. 1,05,000.
- (C) Depreciation debited to P&L A/c to the extent attributable to revalued fixed assets Rs. 1,50,000.
- (D) Income from units of UTI credited to P&L A/c Rs. 75,000.
- (E) Brought forward depreciation or business loss whichever is less as per books of accounts Rs. 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**

- (1) Concept of Input Tax Credit and Supply
- (2) GST Council
- (3) Benefits of GST
- (4) GST Registration