



PB-010-001611

Seat No. _____

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

March / April - 2020

Business Taxation - II

(New GST)

Faculty Code : 010

Subject Code : 001611

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

[Total Marks : 70

- Instructions :** (1) All questions in this paper are compulsory.
(2) Each question carries 14 marks.

- 1 Mr. Sanjay Rajput owns several house properties at Rajkot 14 from which he is living at Kalawad Road and remaining are given on rent. From the following statement of account for the year ending on March 31, 2019, calculate his taxable income from house property for A.Y.2019-20 :

Particulars	Amt. Rs.	Particulars	Amt. Rs.
To municipal taxes (Paid by Sanjay) :		By rent :	
Race course house	800	Race course house	24,000
Raiya Road house	1,600	Raiya Road house	48,000
University house	640	University house	30,000
Amin Marg house	480	Amin Marg house	12,000
Kalawad Road house	1,200		
To ground rent of Amin Marg house	500		
To repairs	12,000		
To collection charges :			
Race course house	960		
Raiya Road house	1,600		
University house	1,280		
Amin Marg house	960		
To interest paid to bank loan taken for University Road house	6,000		
To interest paid to bank loan taken for Kalawad Road house	13,000		
To excess of receipts over payments	72,980		
	1,14,000		1,14,000

The municipal tax of each house is 5% of the municipal value.

OR

- 1 Following is the Profit and Loss Account of Mr. Hemraj 14
for the year ending on 31-3-19 :

Particulars	Amt. Rs.	Particulars	Amt. Rs.
To opening stock	1,08,000	By sales	90,63,000
To purchases	80,12,750	By closing stock	1,98,000
To salaries and wages	1,75,000	By share dividend	88,000
To rent and rates	1,31,000		
To commission	21,500		
To household expenses	1,00,000		
To income tax	36,100		
To sales tax	50,250		
To advertisement	5,000		
To postage and telegram	4,000		
To interest on capital	84,000		
To reserve for bad debts	3,400		
To depreciation on asset	18,000		
To net profit	6,00,000		
	93,49,000		93,49,000

Additional data :

- (1) Closing stock and opening stock have consistently been valued at 10% below cost price.
- (2) Depreciation on assets as per Income Tax provisions is Rs. 17,200.
- (3) Amount of sales includes a sum of Rs. 41,250 representing the value of goods withdrawn for personal use which costing Rs. 27,850 and its market value on the date of withdrawn was Rs. 45,240.

You are required to calculate taxable income from business for Mr. Hemraj for the Assessment Year 2019-20.

- 2 Compute the capital gains chargeable to tax of Mr. Jaimal 14
Singh from the following details for the A.Y. 2019-20
(Cost inflation index of 2018-19 is 280) :

No.	Date of Purchase	Selling Price Rs.	Transfer Charges Rs.	Cost Rs.	Particulars of assets	CII
(1)	1-1-68	74,72,000	22,000	3,00,000	Only House	—
(2)	1-6-2005	17,02,400	—	3,18,080	Shares of Good Ltd.	117
(3)	1-3-1994	13,09,400	8,000	1,46,400	Shares of Best Ltd.	—
(4)	1-9-1985	64,12,200	22,000	7,98,000	Gold ornaments	—
(5)	1-1-2019	—	—	5,00,000	Residential House	—

On 1-4-2001 the fair market values of assets are as follows :

- (a) Self-occupied house Rs. 21,00,000.
- (b) Gold ornaments Rs. 12,10,000.
- (c) Shares of Best Ltd. Rs. 2,00,000.

Residential house was purchased from sales proceeds of only House.

OR

- 2** From the following information of Mr. Tilak Raj, compute his taxable income under the head of "income from other sources" for the assessment year 2019 20:- **14**

- (1) Dividend received on equity shares Rs. 3,000.
- (2) Dividend received on preference shares Rs. 16,000.
- (3) Gross interest income on bank deposits Rs. 12,500.
- (4) Composite rent of factory building and machinery Rs. 35,000.
- (5) Ground rent income Rs. 3,000.
- (6) Sitting fee for attending meeting of Board of Directors Rs. 6,000.
- (7) Prize won in Horse Race Rs. 25,000.
- (8) Rent received from sub-tenant Rs. 7,200.
- (9) Income from unexplained sources Rs. 50,000.
- (10) Net prize money (after deduction tax @ 30.60%) received on lottery won Rs. 34,700.

He has paid the following expenses during the year :

- (a) Interest paid on loan taken to make investment in preference shares Rs. 6,000.
- (b) Depreciation on factory building and machinery Rs. 20,000.
- (c) Expenses (i.e. Cost) of lottery tickets bought Rs. 2,100.

- 3** Army & Co. is partnership firm where partners Ajit and Amit share profits and losses equally. Their profit and loss account for the year ending on 31-3-19 was as follows : **14**

Particulars	Amt. Rs.	Particulars	Amt. Rs.
Cost of goods sold	8,00,000	Sales	12,00,000
Salaries	50,000	Interest on investments	8,000
Interest on loan to purchase machine	35,000	Long-term capital gain	10,000
Rent	26,000	Short-term capital gain	15,000
Commission to working partner Ajit	25,000	Winning from lotteries	9,000
Interest on loan to Amit non-working partner @ 20% p.a.	25000		

Salary to partners :		
Ajit	1,25,000	
Amit	30,000	
Interest on capital		
@ 20% :		
Ajit	19,500	
Amit	10,500	
Reserve for Bad debts	10,000	
Sundry expenses	12,000	
Income tax	10,000	
Net profit	64,000	
	12,42,000	12,42,000

Calculate maximum remuneration payable to partners.

OR

- 3** From the following details of Strike Ltd., you are required to compute total taxable income of the company for the A.Y. 2019-20 : **14**
- (1) The Profit & Loss Account showed a net profit of Rs.1,25,00,000.
- (2) Rs. 10,00,000 is debited in Profit & Loss Account as interest paid on loan taken for the expansion of factory premises.
- (3) Rs. 7,50,000 is debited in Profit & Loss Account as reserve bad debts.
- (4) Rs. 15,000 is debited in Profit & Loss Account paid for late payment of penalty interest of professional tax.
- (5) Rs. 25,000 is debited in Profit & Loss Account being fine imposed by Municipal Corporation for violation of construction rules.
- (6) It is also found that both the opening stock (Rs. 45,00,000) and closing stock (Rs. 54,00,000) have been undervalued by 10% of cost.
- 4** Write short notes on any **two** from the following : **14**
- (a) Objectives of Tax Planning.
- (b) Tax Planning by individuals.
- (c) Tax Avoidance and Tax Evasion.
- 5** Attempt any **two** from the following : **14**
- (a) Benefits of GST.
- (b) Concept of Input Tax Credit and Supply.
- (c) GST Registration.
- (d) GST council and GST service providers.