



**BBM-010-001611**

Seat No. \_\_\_\_\_

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

**July - 2021**

**Business Taxation - II : Paper - 604**

*(New GST) (Old Course)*

**Faculty Code : 010**

**Subject Code : 001611**

Time : **2.30** Hours]

[Total Marks : **70**

**Instructions :** (1) Figures to the right indicate full marks of the questions.

(2) Show working notes as a part of your answer.

- 1 Ashwin owns commercial building whose construction is completed on 31-3-2017. He takes a loan of ₹ 15,00,000 from his friend his friend on 1-8-2016 and pays interest @ 15% p.a. The building is let out (rent being ₹ 4,00,000 p.m.) during the P.Y. 2018-19. A pays ₹ 18,000 as municipal tax for each of the previous year 2017-18 and 2018-19 on 5 May, 2018 and 5 April, 2019 respectively.  
Compute income of Ashwin under the head “Income from House Property” for the A.Y. 2019-20. 14

**OR**

- 1 Shree Lalji has prepared the following P and L A/c for the year ending 31-3-2019 : 14

Dr.	P and L A/c		Cr.
Particulars	Amt. (₹)	Particulars	Amt. (₹)
To General Expenses	65,000	By Gross Profit	24,32,000
To Bad-debts	2,000	By Discount and Commission	6,000
To B. D. R.	5,000	By Rent Income (House)	27,000
To Provision for Taxation	57,000	By Interest on Post Office Savings A/c	3,000
To Income Tax	1,85,000	By Bad-debts recovered	16,000
To Insurance Premium	11,000	By Surplus on sale of shares (net)	75,000
To Motorcar expenses (except depreciation)	1,05,000	By Profit on sale of machinery (sold for ₹ 10,000)	1,000
To Staff salary	10,85,000		
To GST	55,000		
To Legal charges	4,000		
To Donation to approved charitable trust	6,000		
To Net Profit	9,80,000		
	<b>25,60,000</b>		<b>25,60,000</b>

Additional information are as follow :

- (1) Insurance premium includes ₹ 3,000 being mediclaim insurance and ₹ 2,000 being Life Insurance Premium.
- (2) 75% of the amount of Bad-debts recovered relates to the amount of bad-debts not allowed before three years.
- (3) 1/2 use of motor car is for personal purposes and the W.D.V. of the car as on 1-4-2018 was ₹ 2,50,000 (Depreciation rate 15%)

Compute his total taxable Business Income for the A.Y. 2019-20.

2 Shri Aram sells the long term assets as on 11<sup>th</sup> January 2019 : 14

Particulars	Residential House	Gold	Silver	Diamonds
(1) Consideration of sales (₹)	3,90,000	8,10,000	2,96,000	6,40,200
(2) Adjusted cost of Acquisition (based on index)	70,000	1,15,000	1,78,000	4,30,000
(3) Expenses of transfer	10,000	81,000	6,000	32,000

The last date of filling of return of income for the A.Y. 2019-20 is July 31, 2019. For claiming exemption under Section 54 and 54EC, Shri Aram has purchased the following assets :

Assets	Date of Acquisition	Amount (₹)
(a) Land (for construction of residential house)	31-3-2019	1,00,000
(b) Bank Deposit (for constructing house)	5-8-2019	50,000
(c) Notified Bonds (Redeemable after 5 years)	5-7-2019	7,50,000
(d) Bonds of National Highways Authorities of India (Redeemable after 5 years)	10-9-2019	3,00,000

Find out taxable Capital Gain of Shri Aram for the A.Y. 2019-20.

OR

2 Shree Ram has furnished the following particulars of his investments for the year ending 31-3-2019 : 14

- (1) ₹ 36,000 10% tax-free Debentures of X Ltd. (T.D.S. at 10%)
- (2) ₹ 54,000 7% Gujarat Govt. Loan.
- (3) ₹ 5,000 6.5% Treasury Saving Deposit Certificates. On 31-7-2018, he had sold ₹ 20,000 7% Gujarat Govt. loan out of ₹ 54,000 held on 1-4-2018 and invested ₹ 45,000 in 10% tax free debentures of X Ltd. (TDS 10%) Purchased at par on that date. He had borrowed ₹ 15,000 at 15% p.a. interest. Interest was paid on 30<sup>th</sup> June and 31<sup>st</sup> December.
- (4) Dividend received on shares of foreign companies ₹ 12,000.
- (5) He had received the following agricultural income during previous year :
  - (a) From agricultural land situated in Rajkot ₹ 85,000.
  - (b) From land situated outside India ₹ 3,25,000.

Calculate his taxable income for the A.Y. 2019-20 under the head "Income from other sources".

3 Parekh and Associates is a firm of Chartered Accountants and its P and L Account which satisfies all conditions of Sections 184 and 40(b) for the year ending on 31-3-2019 is as follows : 14

**P and L Account**

Particulars	Amt. (₹)	Particulars	Amt. (₹)
To Office Expenses	1,80,000	By Professional Fees	1,70,000
To Depreciation	96,000	By Audit Fees	1,90,000
To Remuneration to Partners	2,50,000	By Net Loss	2,14,000
To Interest on Capital	48,000		
	<b>5,74,000</b>		<b>5,74,000</b>

Other informations :

- (1) ₹ 80,000 out of the office expenses are inadmissible.
- (2) Depreciation allowable as deduction is ₹ 1,02,000.
- (3) Interest on Partners Capital not deductible is ₹ 30,000.

Compute the 'Book-Profit' for the purpose of remuneration payable to partners. Also compute the actual amount of remuneration payable to partners.

**OR**

- 3 From the following details extracted from the P and L A/c of ABC Ltd., you are required to compute the total income of the company for the A.Y. 2019-20 : 14
- (1) The Profit and Loss A/c showed a net profit of ₹ 1,75,00,000.
- (2) Some of the items debited to the P and L A/c are as under :
- (a) ₹ 10,00,000 as interest paid on a loan taken for the expansion (work under progress) of the factory premises;
- (b) ₹ 7,50,000 as Reserve for Bad Debts;
- (c) ₹ 15,000 paid for late payment of penal interest of professional tax;
- (d) ₹ 25,000 being fine imposed by the Municipal Corporation for Violation of building construction rules;
- (e) Depreciation charged to P and L A/c ₹ 25,00,000 (however the amount allowable under the Income Tax Act come to ₹ 75,00,000);
- (f) ₹ 12,50,000 was paid to the lawyer for arguing appeals of the company (which were rejected earlier) against levy of penalty.
- (3) The credit side of the P and L A/c revealed the following :
- (a) Dividend from foreign subsidiary ₹ 5,00,000;
- (b) Dividend from UTI ₹ 12,50,000.
- (4) It is also found that both the Opening stock (Book value ₹ 45,00,000) and Closing stock (Book value ₹ 54,00,000) have been undervalued by 10% on cost.
- 4 Explain various methods of Tax planning. 14
- OR**
- 4 Write short notes on : (any two) 14
- (a) Tax Avoidance
- (b) Tax Evasion
- (c) Tax Management.
- 5 Write short notes on : (any two) 14
- (a) Types of GST
- (b) Benefits of GST
- (c) GST Council and its functions
- (d) GST Registration.