

CBCS SCHEME

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16MBAFM403

Fourth Semester MBA Degree Examination, Dec.2018/Jan.2019

Tax Management

Time: 3 hrs.

Max. Marks:80

Note: 1. Answer any Four questions from Q.No. 1 to Q.No. 7.
2. Question No. 8 is compulsory.

- 1 a. Define the 'Previous year' as per I.T. Act. (02 Marks)
b. What do you mean by assessee? Explain the different types of assesses. (06 Marks)
c. The following are the incomes of Mr. James, a foreign national for the previous year ended 31.3.2018.
i) Profit from business in India and controlled from U.S.A, Rs 2,00,000.
ii) Profit from sale of furniture in Bangalore but received in Pakistan, Rs 1,00,000.
iii) Profit from business in U.K. controlled from there but half amount received in India, Rs 4,50,000 is the total amount.
iv) Agricultural income from Nepal, received there but later brought to India Rs 1,60,000.
v) Income from house property in Switzerland, Rs 2,40,000.
vi) Past untaxed foreign income brought into India Rs 2,00,000 in the P.Y.
Compute his total income for the A.Y. 2017 - 18, if he is a) Resident b) Not ordinary Resident c) Non - resident. (08 Marks)

- 2 a. What is Standard Rent of Property? (02 Marks)
b. Calculate the exemption of & taxable House Rent Allowance from the following particulars for the P.Y. 2017 - 18. (06 Marks)

| Name of Employee | Mr. Arun | Mr. Yogesh |
|--|----------|------------|
| City of Employment | Dharwad | Mumbai |
| Salary for the year (for calculation of H.R.A) | 3,00,000 | 5,00,000 |
| H.R.A received during P.Y. | 30,000 | 55,000 |
| Rent paid during P.Y. | 36,000 | 60,000 |

- c. Briefly explain various types of provident funds and its tax treatment. (08 Marks)
- 3 a. What do you understand by illegal business? (02 Marks)
b. Explain briefly the tax provisions of 80DD, 80DDB and 80E. (06 Marks)
c. Dr. Shashi is a renowned medical practioner, gives the following Receipts and Payments A/c for the year ending 31/3/2018. Calculate his income from profession for A.Y. 2018-19.

| Receipts | Amt | Payments | Amt |
|--------------------------------------|----------|-----------------------------------|----------|
| To Balance b/d | 75,000 | By rent to clinic | 15,000 |
| To Consulting fees | 45,000 | By Purchase of Professional books | 20,000 |
| To Visiting fees | 20,000 | By Purchase of Medicines | 15,000 |
| To Sale of medicine | 90,000 | By Purchase of Motor car | 75,000 |
| To Gifts & presents from clients | 10,000 | By Income tax | 3,000 |
| To Interest from Post office savings | 12,000 | By Purchase of Equipments | 15,000 |
| To Winning from lottery | 1,50,000 | By Gift to wife | 5,000 |
| To Dividends | 10,000 | By Balance C/d | 2,64,000 |
| Total | 4,12,000 | Total | 4,12,000 |

- i) For official purpose $\frac{2}{3}$ rd portion of car used.
 ii) Depreciation is to be charged as follows : On Books – 100% , On Car – 15% ,
 On surgical equipments 15%.
 iii) Closing stock of medicine is Rs 4,000. (08 Marks)

- 4 a. What do you understand by the term 'short term capital asset'? (02 Marks)
 b. Explain deduction under section 54F of Income Tax Act while computing income from capital gain. (06 Marks)
 c. Mrs. Rakhi acquired a residential house in January 2001 for Rs 10,00,000 and made some improvements by way of additional construction to the house incurring an expenditure of Rs 2,00,000 in October 2004. She sold the property in October 2017 for Rs 90,00,000. She acquired a residential house in December 2017 for Rs 17,98,500 in December 2017. Compute the capital gain chargeable to tax for the A.y. 2018-19. [CII for 2000-2001 : 100, 2004 – 05 : 113, 2017-18 : 272]. (08 Marks)

- 5 a. What is MAT? (02 Marks)
 b. Explain clearly the meaning of i) Bond washing transactions ii) Tax – free securities. (06 Marks)
 c. Work out the amount of depreciation allowance for the A.Y. 2018-19 of a steel factory.

| Assets | W.D.V on 1/4/17 | Depreciation |
|----------------|-----------------|--------------|
| i) Buildings | 15,47,380 | 10 % |
| ii) Godowns | 2,15,740 | 10 % |
| iii) Machinery | 35,00,000 | 15 % |
| iv) Motor bus | 1,50,000 | 30 % |
| v) Furniture | 25,170 | 10 % |

The factory purchased and installed one new machinery on 31st October, 2017 @ cost of Rs 5,00,000. (08 Marks)

- 6 a. What is 'Book Profit' of a firm? (02 Marks)
 b. Explain the provisions regarding set off of losses. (06 Marks)
 c. Income and Expenditure Account of a firm of A, B and C for the P.Y. 2017-18 is as under :

| Particulars | Rs | Particulars | Rs |
|------------------------------------|----------|----------------------|----------|
| To Expenses | 82,000 | By Audit fees | 1,50,000 |
| To Depreciation | 22,000 | By Consultation fees | 30,000 |
| To Remuneration to | | By Miscellaneous | 10,000 |
| A → | 20,000 | Income | |
| B → | 40,000 | | |
| C → | 15,000 | | |
| To Interest capital A/c @ 20% p.a. | | By Lotteries (gross) | 10,000 |
| A → | 10,000 | | |
| B → | 15,000 | | |
| C → | 20,000 | | |
| To Donation | 6,000 | By Net loss | 30,000 |
| | 2,30,000 | | 2,30,000 |

Adjustments :

- i) Out of Expenses Rs 15,000 is not deductible.
 ii) Allowable depreciation is Rs 20,000.
 iii) It is a firm of Chartered Accountants, where all A, B and C are working partners and donation given is to orphanage (local). (08 Marks)

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- 7 a. What is G.S.T? (02 Marks)
b. What are the benefits of G.S.T? (06 Marks)
c. How would a particular transaction of goods and services be taxed simultaneously under CGST and SGST? Explain with example. (08 Marks)

8 CASE STUDY :

- a. Mr. Rakesh employed as a manager in a company furnishes the following information for the year ended 31/3/18.
- i) Basic salary upto 31/10/17 → Rs 1,00,000 p.m
from 1/11/17 → Rs 1,20,000 p.m.
 - ii) 40% Basic salary is received as D.A. i.e. not forming part of retirement benefits.
 - iii) Bonus Rs 1,00,000.
 - iv) Contribution of employer to RPF @ 16% of Basic pay.
 - v) Professional tax paid by Rakesh Rs 6,000.
 - vi) 1.9 Ltr car is provided by employer from 1/11/17. All expenses are met by employer. Mr. Rakesh is using the car for both official and private purpose. Compute taxable salary of Mr. Rakesh. (10 Marks)
- b. State and explain the provision for any six incomes which are taxable under the head "Income from other sources". (06 Marks)
