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**B.B.A. (IV Sem.) EXAMINATION, 2018**

**BUSINESS TAXATION**

**(2013 PATTERN)**

**Time : Three Hours**

**Maximum Marks : 80**

**N.B. :—** (i) *All* questions are compulsory.

(ii) Figures to the right indicate full marks.

1. State the rules for determining residential status of an assessee for income tax purpose. [16]

*Or*

Define Income. Explain any *ten* incomes exempted u/s 10 from tax.

2. Write notes on : [16]

(a) Income chargeable under the head “Income from Business”.

(b) What is Agriculture Income ? Explain.

*Or*

How assessment of Firm and assessment of partner is made ?

3. (A) Write short notes on (any *two*) : [8]

(a) Previous Year and Assessment Year

(b) Meaning of salary

(c) Methods of Payment of Tax

(d) Slab of Income Tax

P.T.O.

(B) Mr. Bhavesh purchases a house property for ₹ 25,00,000 on 15th March, 2003. Cost of improvement incurred for this property in August 2015 was ₹ 20,00,000. Mr. Bhavesh sold house on 15th January, 2018 for ₹ 1,25,00,000. Expenses on Transfer ₹ 5,00,000. Compute taxable capital gain for AY 2018-19. Cost Inflation Index : 2002-03 : 105, 2015-16 : 254, 2017-18 : 272. [8]

4. From the following information given Mr. Pawar of Ahmednagar determine his income from salary for the AY 2018-19.

- (a) Basic Salary ₹ 8,16,600 p.a.
- (b) He paid Income Tax ₹ 2,150 p.m. and professional tax ₹ 225 p.m.
- (c) Contribution of Statutory Provident Fund (from salary) ₹ 2,800 p.m.
- (d) Bonus ₹ 40,000 p.a.
- (e) Allowance for holiday trip ₹ 5,800.
- (f) The employer provided a rent free furnished house (furniture amounted to ₹ 60,000 is also provided by the employer). Population of Ahmednagar is assumed 12 Lakhs.
- (g) Employer's contribution to S.P.F. at 8.33% ₹ 68,020.
- (h) Interest credited to S.P.F. at 8.5% ₹ 62,500.
- (i) The academic research allowance for training of Mr. Pawar ₹ 10,000 (expenditure incurred ₹ 4,000).
- (j) Mr. Pawar pays LIP ₹ 9,000.

- (k) He takes interest free loan of ₹ 45,000 from the employer payable after 3 years to meet surgical operations of Mrs. Pawar (Disease is specified in Rule 3A). [12]

*Or*

The following is the Profit and Loss Account of Mr. Viren for the year ended 31st March, 2018. You are required to ascertain his income from business.

Particulars	Amt	Particulars	Amt
	(₹)		(₹)
To Salaries	10,800	By Gross Profit	35,672
To Sundry Expenses	1,200	By Discount	751
To Reserve for Bad debts	4,500	By Commission	1,205
To Insurance	450	By Sundry Receipts	52
To Advertising	2,500	By Rent from property	2,000
To Income Tax	2,375		
To Car Expenses	1,200		
To Interest on Capital	1,000		
To Interest on Bank loan	1,550		
To Charity	150		
To Life Insurance Premium			
(Self)	550		
To Depreciation on Building	1,000		
To Depreciation on Furniture	200		
To Net Profit	12,205		
	<b>39,680</b>		<b>39,680</b>

**Additional Information :**

- (1) The motor car was used equally for business and for the proprietor's private purpose.
  - (2) The amount of depreciation allowable according to Income-tax rules, in respect to building and furniture was ₹ 800 and ₹ 150 respectively.
  - (3) Advertising expenses includes a sum of ₹ 1,000 spent on a special campaign undertaken during the year in respect of product of a company placed recently in the market.
  - (4) Salaries include ₹ 6,000 being the amount drawn by Mr. Viren during the year.
5. Mr. Sham Verma, Pune a resident individual has given the following information for the year ended 31st March, 2018.
- (a) Net Salary per month (after deduction of Income tax and Professional Tax) ₹ 29,275.
  - (b) Income tax deducted at source ₹ 3,000 p.m.
  - (c) Professional Tax deducted at source ₹ 225 p.m.
  - (d) Commission (fixed) ₹ 48,000 p.a.
  - (e) Bonus ₹ 40,000 p.a.
  - (f) Employer's contribution to R.P.F. ₹ 48,000.
  - (g) Free Car (1650cc) facility for Verma for official and private purpose. Expenses paid by the employer ₹ 25,000.
  - (h) Share of profit from firm ₹ 36,000.
  - (i) Share of profit from HUF ₹ 30,000.
  - (j) Income from business ₹ 25,200.

- (k) He received the following :
- (a) Interest on bank term deposits ₹ 25,000.
  - (b) Interest on company deposits ₹ 7,000.
  - (c) Interest on postal saving bank account ₹ 4,500.
  - (d) Maturity claim of LIC ₹ 65,000.
- (l) His savings and investments are as follows :
- (a) Contribution to RPF ₹ 48,000.
  - (b) Payment of LIC premium ₹ 42,000.
  - (c) Deposited in PPF ₹ 40,000.
  - (d) Medical Insurance premium on the health of dependent father (aged 65 years) ₹ 37,000.
  - (e) Repayment of Higher education loan ₹ 47,000.
  - (f) Repayment of Self-occupied housing loan (including Interest ₹ 28,500) ₹ 58,700.

Compute his total income and tax liability for the A.Y. 2018-19.

[20]