



BRAINWARE UNIVERSITY

Course - MBA

Corporate Taxation & Tax Planning (FM 301)

(Semester 3)

Time Allotted: 3 Hours

Full Marks: 70

Group – A

(Multiple Answer Type)

1. Choose the correct answer from the given alternatives of the following: **10x1=10**

i) Joint Hindu Family is also known as

- a) BOI
- b) AOP
- c) HUF
- d) All of the above

ii) An Indian Company, controlled and management in UAE will be treated as

- a) Non resident
- b) Not ordinarily resident
- c) Resident
- d) None of the above

iii) Family Pension received by legal heirs or widow, will be treated under the head

- a) Salary
- b) Other Sources
- c) Not Taxable
- d) Both salary & Other Sources

iv) Employers Contribution towards RPF over ____ is taxable as Salary

- a) 12%
- b) 9.5%
- c) 8%
- d) 10%

v) Standard Deduction u/s 24 should be calculated on

- a) GAV
- b) NAV
- c) Income from House Property
- d) None of the above

- vi) Who will be deemed assessee for a minor?
- Executor
 - Agent
 - Guardian
 - Legal Heir
- vii) Previous Year refers to the Financial Year comprising
- 12 Months preceding the AY
 - 12 months following the AY
 - None of the above
 - Both a & b
- viii) The excess value after deducting Municipal Tax is called
- GAV
 - NAV
 - Total Income
 - None of the above
- ix) Allowed Depreciation rate for Books are
- 100% & 60%
 - 50% & 60%
 - Both of the above
 - No depreciation for books
- x) Section 54 is available to
- Long term & Short Term Capital Assets
 - Long term Capital Assets only
 - Short term Capital Assets only
 - None of the above

Group – B

(Short Answer Type)

Answer any three questions

3x5=15

2. What is Capital Gain? What is Long Term & Short Term Capital Gain? Give examples.

[2+2+1]

3. Sudhir is an Indian Citizen. He went to Canada for employment purpose on September 3, 2016 and came back to India on December 12, 2017. He was never been out of India in the past. During the previous year 2016-17, he earned a profit of Rs.50000 from a business in USA, controlled from India. Half of the profits received in India. Determine the residential status of Sudhir & the taxability of his Income for the AY 2017-18.

4. Mr. Sachin Tendulkar, an employee of a private concern not covered by Payment of Gratuity Act, 1972, retires on February 22, 2017 after a continuous service of 25 years and 8 months and receives gratuity of Rs.125000 on March 15, 2017. The other relevant particulars are as follows:

- a) Basic salary at the time of retirement (increment of Rs.600) per month fell due on 1st April each year – Rs.7200 per month
- b) Dearness Allowance (DA) – Rs.1700 per month
- c) House Rent Allowance (HRA) – Rs. 1500 per month
- d) Commission @ 5% on the Sales Turnover of Rs. 950000. for the whole year.
- e) Calculate the amount of Gratuity received by Mr. Sachin Tendulkar exempt from tax for the relevant AY 2017-18.

[5x 1]

5. Arjun Chakraborty receives the following gifts during the FY 2016-17. Discuss the taxability of such gifts:

- a) Cash gifts of Rs.55000 received from his friend on July, 2016
- b) Gift of Rs.44500 received in cash on the occasion of marriage of X from his grandfather on August, 2016
- c) Cash gift of Rs.100000 from his elder brother on June, 2016
- d) Cash gift of Rs.72000 from his employer for the successful completion of a job.
- e) Gift of an immovable property without consideration from a close friend on September, 2016 (Stamp Duty value Rs.750000)

[5x 1]

6. V. Sharma purchases 2000 equity shares of X Ltd at Rs. 35 per share (brokerage 1%) on February 12, 1980. He gets 1000 bonus shares from the company on January 5, 1993. He sold all these on August 22, 2016 at Rs 250 per share (brokerage 1%). The market value of shares of X co ltd on April 1, 1981 is Rs. 50 per share. Compute the amount of Capital Gain chargeable to tax in the hands of V. Sharma for the relevant AY.

2016-17 CII – 1125

1992-93 CII - 223

Group – C**(Long Answer Type)****Answer any three from the followings****3x15=45**

7. Mr. Gupta is a Chartered Accountant. He has also a private accountancy coaching center. His account for the year ended 31.3.2017 is given below:

To balance b/d	Rs.16200	By, Office Expenses	Rs.7850
To, Audit Fees	Rs. 29400	By, Municipal Tax on property	Rs. 800
To, Income from other audit work	Rs. 10800	By, Institute Expenses	Rs.1800
To, Institute Fees	Rs. 4200	By, Personal Expenses	Rs.7000
To, Interest on Investment	Rs. 18000	By, Membership Fee & Practice Fee	Rs.550
To, Examination Fees	Rs. 1200	By, LIC Premium	Rs.3000
To, Rent from property	Rs. 8000	By, Income Tax	Rs.5000
		By, Motor Car purchased	Rs.30000
		By, Motor Car Expense	Rs. 1200
		By, Books purchased for professional use	Rs.4500
		By, Insurance of property	Rs.600
		By, Balance c/d	Rs. 25500
Total	<u>Rs. 87800</u>	Total	<u>Rs. 87800</u>

- One third of the motor car expenses is in respect of own profession
- Depreciation allowance for motor car is Rs.2400
- Compute Total Income of Mr. Gupta for AY 2017-18.

8. Mr. Imran Khan owns a big house in Kolkata, erection of which is completed in May, 2000, 75% of the floor area is let out for residential purpose on a monthly rent of Rs.4000. During the year 2016-17, the same was vacant for one month. 25% of the floor area was occupied by Ritwik for his own residence. Other particulars are as follows:

Municipal Valuation Rs. 60000, Standard rent Rs. 90000, Municipal Taxes Rs. 9000, Repairs Rs. 2000, Interest on loan for renovation of the property Rs.16000, Ground Rent Rs.8000, Insurance premium Rs. 2000, Annual Charges created by father under a will in favor of Ritwik's wife Rs.4000. Determine the taxable income of Ritwik under the head "Income from house Property" for the AY 2017-18.

9. P is employed in a private concern in Delhi. His cash emoluments during the previous year 2016-17 are:

- Basic Salary – Rs.12500 per month
- DA – Rs.8500 per month (forming part of salary)
- Children Education Allowance- Rs.250 per month per child for two children
- Commission – Rs.500 per month
- He is provided with a rent free accommodation in Delhi with a TV & a geyser costing Rs. 20000 & Rs. 8500 respectively.

Determine the value of perquisite in respect of rent free furnished accommodation for the AY year 2017-18 if :

- The accommodation is owned by the employer the fair rent of which is Rs.3500 per month.
- The accommodation is taken on hire by the employer at a rent of Rs. 2000 per month.

10. What is Tax Planning? "There is no element of mala fide involved in Tax Avoidance" – is it true? Give your opinion. What are the differences between Tax Avoidance & Tax Evasion?

[3+6+6]

11. Write short notes on the followings: (5 marks each)

- TDS with examples
- Capital Assets & its exceptions u/s 2(14)
- Disputed Ownership and its tax treatment under the head House Property