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**Bachelor of Business Administration 3rd Semester
(2122)**

TAX LAWS—I

Paper—BBA 206

Time Allowed : Three Hours]

[Maximum Marks : 80

Note :—(1) Attempt four questions from Section A. Each question will carry 5 marks.

(2) Attempt two questions each from Sections B and C respectively. Each question carries 15 marks.

SECTION—A

- I. All assesseees are persons but all persons are not assesseees. Explain with appropriate examples. 5
- II. What do you mean by Agriculture Income ? What is the procedure for integration of agriculture income with non-agriculture income ? 5
- III. From the following information, determine the total income of Surbhi for the year 2022-23 if she is a (i) Resident but ordinary resident, (ii) Resident but not ordinary resident, and (iii) Non-resident :
- (1) Salary for services rendered in Sri Lanka Rs. 90,000 (out of this Rs. 20,000 was received in India).

- (2) Sale proceeds from a house property in New Delhi, money received in Pakistan Rs. 1,50,000.
- (3) Dividend from X Ltd., a foreign company received outside India Rs. 50,000.
- (4) Profit from agriculture in Chandigarh Rs. 2,50,000.
- (5) Income from growing and manufacturing tea in Bangladesh Rs. 8,40,000 (25% received in India).
- (6) Profit from business in Singapore and managed from there (received in Singapore) Rs. 3,00,000. 5

IV. Calculate the amount of basic salary for the previous year 2021-22 of an officer of a public sector undertaking who is appointed on 1-9-2016 in the grade of Rs. 18,000-500-20,000-600-26,000. He gets his increment after every twelve month and his salary is due on the last day of the month. 5

V. From the particulars given below, compute taxable income from house property for the previous year 2021-22. ARV—Rs. 6,000, MRV—Rs. 5,000, Municipal Taxes paid by the owner Rs. 1,200. Ground Rent—Rs. 60, Fire Insurance Premium on Property Rs. 50. Collection Charges Rs. 500, unrealised rent allowed earlier received during the year Rs. 2,500, the house remained vacant for 2 months during the year. 5

VI. A Small Scale Industrial undertaking engaged in manufacturing of dyes and forgings submits the following information :

| | Rate | Rs. |
|---|------|----------|
| (i) Motor cars and jeeps | 15% | 1,60,000 |
| (ii) P & M block | 15% | |
| (a). Machinery for forge shop | | 5,20,000 |
| (b) Machinery for machine shop | | 96,000 |
| (c) Air conditioners | 15% | |
| For factory | | 74,000 |
| For office | | 40,000 |
| For guest house | | 18,000 |
| (iii) Typewriters and office appliances | 15% | 6,000 |
| (iv) Furniture and Fittings | 10% | 24,000 |

All these items were installed on 7th June, 2021. Compute the amount of depreciation. 5

SECTION—B

VII. How is the residential status of an individual determined for computing his tax liability ? Explain the incidence of residence on tax liability. 15

VIII. Discuss the incomes which are not included in total income nor income tax is payable on them. Explain any ten examples of such incomes. 15

IX. Mr. Sarangi, an employee of a public limited company at Cuttack, received the following emoluments for the previous year 2021-22 :

| | Rs. |
|---|----------|
| (1) Basic salary @ Rs. 30,000 p.m. | 3,60,000 |
| (2) D.A. as per terms of employment Rs. 3,000 p.m. | 36,000 |
| (3) Bonus equal to 1 month's salary | 33,000 |
| (4) Commission | 60,000 |
| (5) Advance salary | 66,000 |
| (6) Employee's contribution in Recognised Provident Fund | 48,000 |
| (7) Employer's contribution in Recognised Provident Fund | 48,000 |
| (8) Special allowance @ R. 2,000 p.m. | 24,000 |
| (9) House rent allowance received Rs. 10,000 p.m. | 1,20,000 |

Rs.

(10) Rent paid by him @ Rs. 12,000 p.m. 1,44,000

(11) Entertainment allowance Rs. 3,000 p.m. 36,000

(He spends the whole amount while performing his official duties)

(12) During the year employer has provided him a Honda City Car of 1600 cc capacity with chauffeur which he uses for his personal purposes. Employer's expenditure of the running and maintenance of the car including salary of the driver is 1,20,000 during the year. Cost of the car is 7,50,000.

(13) Interest credited to his Recognised Provident Fund @ 12% is Rs. 30,000.

(14) Employer company has provided him free club facility which costed the company Rs. 24,000 and free lunch for 300 days cost being Rs. 150 per day.

(15) During the previous year he has been provided a interest free loan of Rs. 18,000 to purchase a motorcycle. In November, 2021 his father fell ill (disease specified under Rule 3A) and he again got interest free loan of Rs. 50,000 from is employer for the medical treatment of his father.

Find out his Salary Income for the Assessment Year 2022-23.

15

XII. Discuss the exemptions regarding Capital Gains under Income Tax Act, 1961. 15

XIII. Dr. Bijli is a Professor of Economics. He submits before you the following information to compute the income under the head 'Income from other sources' for the assessment year 2022-23.

- (i) He is the author of a book which fetched him a gross royalty of Rs. 15,000.

He claims the following deductions from the amount of royalty :

- (a) Salary to a Clerk who collects for him necessary data and goes through the final proof readings Rs. 2,400.
- (b) Purchased books worth Rs. 400 in connection with the revision of the book.
- (c) Telephone expenses of Rs. 800 attributed to the publication and sale of his book and other matters in connection with the printing of the new edition of the book.

- (ii) Income from articles which were published in 'Economic Times' and 'Eastern Economist' Rs. 3,000.
- (iii) He lives in a rented house paying a rent of Rs. 300 p.m. The house is too big for his family. Hence he has sub-let one third portion of the house on a rent of Rs. 150 p.m. Dr. Bijli has undertaken the liability of paying municipal taxes of Rs. 540 on the whole house and also the current repairs of the whole house amounting to Rs. 600.
- (iv) He received Rs. 50 per lecture delivered at the Christian Institute. During the previous year he delivered 24 lectures.
- (v) He is an examiner of a number of Universities. This source gave him a remuneration of Rs. 2,000.

His other incomes were :

- (a) Winning from card games and betting Rs. 6,500.
- (b) Winning from chess Rs. 1,000.
- (c) Received interest on Govt. of England bonds Rs. 500.

XIV. Following is the Profit and Loss A/c of Mr. A for the previous year ending on 31st March, 2022.

PROFIT AND LOSS ACCOUNT

| | Rs. | | Rs. |
|-----------------------|----------|-------------------|-----------|
| Salary to staff | 5,60,000 | Gross Profit | 21,38,240 |
| General expenses | 94,600 | Commission and | |
| Advertisement | | discount | 14,600 |
| expenses | 1,40,000 | Sale of an old | |
| Bad debts written off | 26,600 | Asset | 40,800 |
| Reserve for bad debts | 32,200 | Interest on Bank | |
| Interest on Bank | | deposits | 22,200 |
| overdraft | 1,36,100 | Sundry receipts | 18,100 |
| Interest on loan from | | Profit on sale of | |
| a friend | 28,000 | import licence | 50,000 |
| Depreciation on | | | |
| business assets | 2,88,000 | | |
| GST | 92,200 | | |
| Reserve for GST | 18,800 | | |
| Income Tax deposited | 16,800 | | |

| | Rs. | | Rs. |
|--|------------------|--|------------------|
| Reserve for Income | | | |
| Tax | 14,000 | | |
| Legal expenses : | | | |
| Income Tax appeal | 8,000 | | |
| Legal expenses in a case of infringement of our patent right | 26,000 | | |
| Car maintenance expenses | 58,000 | | |
| Rent and repairs | 24,000 | | |
| Gifts on Diwali | 40,000 | | |
| Net Profit | 6,70,640 | | |
| | 22,83,940 | | 22,83,940 |

Additional informations available from the account books of the assessee :

- (1) General expenses includes a cash payment of Rs. 16,800 to a vendor.
- (2) Advertisement expenses includes payment of Rs. 32,000 by a bearer cheque. The payment was given to a local newspaper.

- (3) Gift on Diwali include a gift of Rs. 10,000 to the wife of Mr. A.
- (4) Payment of Income Tax relates to the assessment year 2020-21.
- (5) GST deposited on 30-6-2021 Rs. 12,800.
- (6) 50% of car is being used for private use of Mr. A.
- (7) W.D.V. of various assets on 31-3-2022 :

| | Rs. |
|--------------|-----------|
| (i) Building | 8,40,000 |
| (ii) P & M | 10,60,000 |
| (iii) Car | 2,10,000 |

Compute Mr. A's business income for the assessment year 2022-23 15