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**M. B. A. (Third Semester) Examination,
Nov.-Dec. 2020**

(New Scheme)

(Management Branch)

(Specialization : Finance Management)

TAXATION and TAX PLANNING

Time Allowed : Three hours

Maximum Marks : 80

Minimum Pass Marks : 32

***Note: Answer any two questions from each unit. All
questions carry equal marks.***

Unit-I

1. Write short note on :

- (a) Assessee
- (b) Person

- (c) Previous year
- (d) Gross Total Income
2. Mr. Rahul had estates in rubber, tea and coffee He derives income from them. He also has a nursery. For the previous year, he furnishes the following particulars of the source of income. Calculate the tax payable for the relevant previous year :
- Manufacturing of rubber from latex, ₹ 5,00,000.
 - Manufacturing of coffee, roasted and flavoured, ₹ 3,50,000.
 - Income from tea manufacturing, ₹ 3,80,000.
 - Income from sale of plants and seedling, ₹ 1,10,000.
3. Mr. Mohit's incomes of the current financial year are as follows :
- Income from Assets in America received in India, ₹ 1,25,000.
 - Profit from business in China deposited in a Bank in China, ₹ 1,10,000.
 - Profit from business in India which is controlled from

- Canada, ₹ 1,12,000
- Income from professional in Srilank which is controlled from India ₹ 1,11,000.
 - Untaxed foreign income of past years brought to India, ₹ 1,46,000.
 - Salary for services rendered in India, ₹ 1,46,000.
 - Interest received on American government securities 3/4th part of which received in India, ₹ 20,000.

Compute his taxable income, if he is : (i) Ordinarily resident (ii) Not ordinarily resident (iii) Non-resident.

Unit-II

- Explain the provisions relating to exemption and taxability of gratuity received on retirement and compensation received on retrenchment.
- Mrs. Khushboo is working as a manager in a cloth company in Surat. Detail of her income (₹) in PY 19-20 are as follows : (i) Basic salary = 12,000 pm, (ii) DA = 6000 pm, (iii) HRA = 6000 pm, (iv) Annual commission @ 2% on sale = 20,000 annual, (v) she paid rent of ₹ 7,000 pm upto 31/12/18. From 1/1/19

rent has increased to ₹ 9,000 pm.

6. Mr. B. Saha is the owner of a house in Kolkata consisting of three identical floors, (ground floor, first and second floor). Ground floor is let out and the rest is occupied by him for his residence. The full particulars of the house for the previous year 2018-2019 are given below :

- (i) Municipal Valuation, ₹ 14,00,000.
- (ii) Fair Rent, ₹ 7,00,000.
- (iii) Standard Rent, ₹ 5,00,000
- (iv) Annual Rent of the ground floor, ₹ 6,00,000.
- (v) Municipal Corporation Tax, ₹ 1,50,000.
- (vi) House remaining vacant for 2 months.
- (vii) Unrealised rent, ₹ 2,50,000.
- (viii) Interest on loan, taken for the purchase of the house ₹ 8,00,000.

Compute the Income from the House property for the AY 2019-2020.

Unit-III

7. Comment on provision u/s 44AA and 44AE for computation of taxable income.

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8. Describe the method of computing income from other sources taking few items.

9. Mr. Mithun purchased 100 equity shares of M/s Goodmoney Co. Ltd. on 01-04-2005 at rate of ₹ 1,000 per share in public issue of the company by paying securities transaction tax. Company allotted bonus shares in the ratio of 1:1 on 01.12.2018. He has also received dividend of ₹ 10 per share on 01.05.2019. He has sold all the shares on 01.10.2019 at the rate of ₹ 4,000 per share through a recognized stock exchange and paid brokerage of 1%. Compute his total income and tax liability for Assessment Year 2020-21, assuming that he is having no income other than given above. Fair market value of shares of M/s Goodmoney Co. Ltd. on 31.1.2018 is ₹ 2,000.

Unit-IV

10. Write the provisions regarding deductions under section 80C to 80U. Write atleast six provisions.
11. Particulars of income of Mr. Vijay Chauhan for the financial year 2018-19 as under :

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Income from salary		₹ 3,00,000.00
Income from house property		
Income from house no. 1 (let out)	₹ 2,50,000.00	
Loss from house no. 2 (let out)	₹ 1,50,000.00	
Loss from house no. 3 (self occupied)	₹ 60,000.00	
Income from Business & Profession		
Profit from iron business	₹ 1,25,000.00	
Profit from silver business	₹ 1,25,000.00	
Loss from speculative business	₹ 80,000.00	
Loss from cloth business	₹ 2,00,000.00	
Income from Capital Gain		
Short-term capital gain	₹ 75,000.00	
Short-term capital loss	₹ 1,25,000.00	
Long-term capital gain	₹ 1,50,000.00	
Income from other Sources		
Income from Playing Cards	₹ 1,50,000.00	
Loss from gambling	₹ 1,00,000.00	
Loss from Maintenance of Horses	₹ 1,20,000.00	

Compute taxable income for Mr. Goyal for the assessment year 2019-20.

12. Mr. Saransh provides the following particulars of his income for the previous year ended on 31st March 2019.

- (i) Business Profit, ₹ 3,50,000.
- (ii) Short-term capital gain, ₹ 12,000.
- (iii) Long term capital gain relating to land and building, ₹ 18,000.

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- (iv) Long term capital gain relating to other capital assets, ₹ 10,000
- (v) Compensation for loss of agency, ₹ 24,000
- (vi) Long-term capital loss on sale of an asset, ₹ 16,000

Compute the total income of Mr. Sathya for the assessment year.

Unit-V

13. Distinguish between Tax Planning and Tax Evasion.
14. What is Central Sales Tax? Write its objective and provisions.
15. Explain Value Added Tax (VAT) also discuss its merits and demerits.