



21523/E 230

Reg. No.

--	--	--	--	--	--	--	--

V Semester B.B.A.2 Degree Examination, November/December 2016
BUSINESS TAXATION
(Regular)

Time : 3 Hours

Max. Marks : 80

- Instructions :** 1) *Simple calculator is allowed.*
2) *Write question numbers correctly.*

SECTION – A

Answer **any ten** of the following :

(10×2=20)

1. Define Income tax.
2. Define business and profession.
3. Define assessment year.
4. Define salary.
5. What is dearness allowance ?
6. Who is resident ?
7. What is custom duty ?
8. What is the exemption limit in case of Recognised Provident Fund ?
9. Define Bonus.
10. Define let out property.
11. What is book profit ?
12. Define partnership.

P.T.O.



SECTION – B

Answer any five of the following :

(5×8=40)

13. Compute the total Income of Mr. Sagar for the assessment year 2016 – 17. If he is resident, not-ordinarily resident and non-resident.
- Rent from house property in England Rs. 1,00,000/-, half of which received in India.
 - Agricultural Income in Nepal Rs. 50,000/-.
 - Interest on Fixed deposits in Bank of India Rs. 50,000/- of which he has paid Rs. 5,000/- to Anathashram in Dharwad.
 - Income from profession in France, profession being controlled from India Rs. 1,00,000/-.
 - Dividend received from Reliance Ltd. Rs. 25,000/-.
 - Royalty received from a mining company Rs. 25,000/-.
 - Profit on sale of security in Germany Rs. 25,000/-.
 - Income received on unit of UTI Rs. 10,000/-.
14. Mr. Nitin is the owner of 2 houses. Compute his Income from house property for the assessment year 2016 – 17.

Particulars	House – I	House – II
Municipal value	80,000	50,000
Rent received	–	5,000 P.M.
Municipal tax paid	8,000	5,000
Revenue charges	5,000	3,000
Annual charges	12,000	5,000
Collection charges	–	2,500
Legal charges	–	3,500
Interest on loan for construction	3,000	5,000

15. Compute Income from salary of Mr. Sarvesh who is working in Bangalore.
- Basic salary Rs. 10,000/- p.m.
 - Dearness allowance (not eligible for retirement benefit) Rs. 2,000/- p.m.
 - House rent allowance paid by employer to employee and the actual rent paid by the employee is Rs. 2,000/- p.m.
 - Entertainment allowance Rs. 2,000/- p.m.
 - Family allowance Rs. 10,000/- p.a.



- f) Employer's contribution to R.P.F. at 15% of salary and similar amount by employee.
 - g) Interest received on R.P.F. balance at 10% p.a. Rs. 3,000/-
 - h) Company provided a small car with driver to employee for office and private purpose.
 - i) Employee paid Profession tax of Rs. 3,000/- and L.I.C. premium Rs. 5,000/-.
16. Write short notes on **any two** :
- a) Excise duty
 - b) Short term capital gain
 - c) Agricultural income
 - d) Person.
17. What are the merits and demerits of indirect tax ?
18. Explain the types of custom duty.
19. From the following receipt and payment account of Mr. Sandeep (Chartered Accountant). Compute his income from profession for the assessment year 2016 – 17.

Receipt and Payment Account

Receipt	Amount	Payment	Amount
Opening balance	1,000	Salary to staff	24,000
Audit fees	80,000	Office Rent	6,000
Tax consultation fees	32,000	Furniture purchased	4,000
Examiners remuneration	3,000	F.D. with bank	30,000
Gifts from clients	5,000	Car expenses	12,000
Interest received	8,000	Drawings	16,000
Rent from H.P.	6,000	Office expenses	11,000
		Donations	1,000
		Municipal tax [H.P.]	600
		Income tax	2,400
		Closing balance	28,000
	1,35,000		1,35,000

Adjustment :

- a) $\frac{1}{3}$ rd of car expenses are related to personal use.
- b) Depreciation on car Rs. 6,000/- and Rs. 3,000/- on other block of assets.



SECTION – C
(Compulsory)

(1×20=20)

20. A and B are working partners in a business sharing Profits and Losses in the ratio of 3 : 2. The capital account showed a credit balance of Rs. 1,50,000/- each.

Profit and Loss Account

Dr.		Cr.	
Particulars	Amount	Particulars	Amount
To salary to staff	16,000	By Gross Profit	1,47,000
To salary to partners		By Rent from H.P.	12,000
A : 34,000			
B : <u>34,000</u>	68,000	By Int. on POSB A/c.	1,000
To Int. on capital			
A : 24,000			
B : <u>24,000</u>	48,000		
To Office expenses	4,000		
To Municipal tax	2,000		
To Repairs	500		
To Donations	4,000		
To Bad Debts	5,000		
To R.D.D.	2,500		
To Depreciation	6,000		
To Net Profit			
A : 2,400			
B : <u>1,600</u>	4,000		
	1,60,000		1,60,000

Adjustments :

- a) Donation includes Rs. 1,000/- paid as subscription to Trade Association.
- b) Municipal Tax and repairs are related to house property.
- c) Depreciation as per I.T. Rule Rs. 5,000/-.

Compute Income of partnership firm for the assessment year 2016 – 17.