

END TERM EXAMINATION

FOURTH SEMESTER [BBA] MAY-JUNE 2014

Paper Code: BBA212

Subject: Taxation Laws

Time : 3 Hours

Maximum Marks : 75

Note: Attempt any five questions.

- Q1 Attempt **any five** of the following (5x3=15)
- Define income. Distinguish between gross total income and total income.
 - Define 'assessee' according to Sec 2(7) of Income Tax Act, 1961.
 - Explain the deductions allowed from annual value while computing income from house property.
 - How does tax liability of a not ordinarily resident person differ from that of a resident and ordinary resident person under Income Tax Act, 1961. Explain.
 - Distinguish between long term and short term capital gains.
 - Explain the provisions of TDS for salary and interest on securities.
 - Can a return submitted by the assessee be revised? If so, what are the circumstances under which it can be revised?

- Q2
- Mr. A is the owner of a flour mill and some agricultural land near the mill. During the year 2011-12, he as shown a profit of Rs. 36 lacs from the business from the business of flour mill. Scrutiny of accounts reveals that he has used 5,000 quintals of wheat produced in his own farms and cost of this wheat has not been debited to P and L A/c. The market price of the wheat during the season was Rs. 600 per quintal. Compute his agricultural and business income and calculate the tax payable by him assuming he does not have any other income. The cost of cultivation of Wheat (Which includes cost of seeds, manure and fertilizers, etc.) was Rs. 18,00,000. (10)
 - Income tax is assessed on the income of the previous year in the next assessment year. State the exceptions to this rule. (5)

- Q3 The following are the particulars of income of X for the previous year 2010-2011. Determine his total income for the assessment year 2010-2011 if he is (i) resident and ordinarily resident. (ii) not ordinarily resident; (iii) non-resident. (15)

S.No.	Detail	Rs.
a)	Capital gain on sale of property in Delhi received in USA	1,80,000
b)	Income from a business in USA controlled from Delhi	2,20,000
c)	Income from a business in Bangalore controlled from USA	3,80,000
d)	Rent from property in USA received there but subsequently remitted to India	6,00,000
e)	Interest from deposits with an Indian company received in USA	40,000
f)	Profits for the year 2008-2009 of a business in USA remitted to India during the previous year 2009-10 (Not taxed earlier)	1,75,000
g)	Gifts received from his parents	4,45,000
h)	Interest payable by Punjab Government, received in USA	1,00,000

- Q4 Compute income under the head salary of Mr. A for the assessment year 2011-12 from the following information submitted to you (15)

Basic salary	20,000 p.m.
D.A. (60% of which is part of retirement benefits)	10,000 p.m.
Children education allowance (for two children)	200 p.m. per child
Free lunch for 300 days in the office during office hours	80 per meal
Reimbursement of expenses incurred on credit card provided by the employer	10,000
Gift of Titan watch	12,000
Rent free unfurnished accommodation at Delhi, the fair rental value of which is Rs. 84,000 p.a.	
Motor car of 1.8 litre with driver both for official and private purposes	
Watchman facility by the employer. Wages of watchman paid by employer 1,000 p.m.	
Telephone facility at his residence. The employer has incurred expenses of Rs. 15,000 for the same.	

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- Q5 (a) A submitted the following particulars of his income/assets for the previous year 2010-11:

Business profits before depreciation	90,000
Sale of unlisted shares in September, 2010 (the shares were purchased for Rs. 59,700 in April, 1991)	2,10,000
Sale of land (purchased in 1988-89 for Rs. 4,83,000) in December, 2010	22,70,000
Written down value of plant and machinery on 1-4-2010 (Depreciation @15%)	20,00,000
Machinery purchased in November, 2010	4,00,000
one plant sold in December, 2010	6,00,000

Compute the total income of A for the assessment year 2011-12 and written down value of the plant and machinery as on 1-4-2011. The cost inflation index for 1988-89 is 161, 1991-92 is 199 and for 2010-11 is 711. (10)

- (b) Discuss the provision regarding deductions allowable to an assessee in respect of the donation to certain funds and charitable institutions. (5)

- Q6 Write short notes on **any three** of the following:- (5x3=15)

- (a) Sale and its different categories
 (b) Treatment of interstate sale
 (c) Procedure of registration of dealers
 (d) Steps in computations of CST

- Q7 Discuss in detail the following as per provisions of Service Tax (Finance Act 1994)

- (a) Process of computations of service tax (7.5)
 (b) Determinations of value of taxable service. (7.5)

- Q8 ABC Ltd. is engaged in the business of providing the information technology software service and sale of packaged I.T. software. From the following information submitted to you, compute

- (a) value of service taxable
 (b) the service tax payable
 (c) due date of payment of service tax for the half year ended 31-3-2011

Assume that service tax, if applications, is charged extra in the bills raised.

Date	Particulars	Rs.
5-11-2010	Bills issued to S. Ltd. for providing IT software service	5,00,000
6-12-2010	Bill issued for packaged I.T. software which includes excise duty @10.3%	2,20,600
16-1-2011	Bill issued for providing IT software service	4,00,000
25-1-2011	Amount received against bill raised on 5-11-2010	3,30,900
9-2-2011	Amount received against bill raised for packaged I.T. software	1,80,000
28-03-2011	Amount received against bill dated 16-01-2011	2,42,660
31-3-2011	Advance received for IT software service to be rendered in April 2011	1,00,000

(15)

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