56077

MBA 2 Year 4th Semester (N.S.) Examination–May, 2015

TAXATION LAWS AND PLANNING

Paper : MBA-409

Time : 3 hours   **Max. Marks : 80**

Before answering the questions, candidates should ensure that they have been supplied the correct and complete question paper. No complaint in this regard will be entertained after the examination.

Note : Attempt **five** questions in all. Section-A is **compulsory** and attempt other questions selecting **one** question from each Unit in Section B. All questions carry equal marks.

SECTION - A

1. (a) Define Assessment year.   (2×8)

   (b) What is unrealised rent ?

(c) What is depreciation ?

(d) What do you mean by tax deduction at source ?

(e) What is Permanent Account Number ?

(f) What do you understand by set off and carry forward of losses ?

(g) Give two differences between Tax planning and tax evasion.

(h) What are charitable donations ?

SECTION - B

UNIT - I

2. State the different categories of assessees according to residential status. How would you determine the residential status of an individual ? (16)

3. From the following particulars, find out the taxable salary income of Mrs Bhutani working at Madurai. (16)

- Salary Rs. 12,000 per month

- Dearness allowance Rs. 1,500 p.m. (forming part of salary)

- Employer's contribution to RPF @ 14% of basic salary.

- Fixed medical allowance Rs. 500 per month

- Rent-free accomodation (Unfurnished) provided by the employer. The fair rental value is Rs. 80,000 per annum (population above 25 lakhs).

- Interest on provident fund balance @ 13% per annum = Rs 3,900

- She paid profession tax of Rs 750.

- Small car is provided by the employer. All expenses are borne by the employer. The car is used for both the official as well as for private purpose.

UNIT - II

4. (a) State the provisions relating to amortization of preliminary expenses. (8)

   (b) What do you mean by bond washing transactions ? (8)

5. Shri Ram, an owner of three houses sells a residential house in Chennai for Rs. 22,00,000 on May 23, 2013. This house was purchased by him on April 1, 1987 for Rs. 3,00,000; On May 30, 2013 he purchased a flat in Mumbai for Rs. 8,70,000 for the purpose of the residence of his son-in-law.

On March 1, 2014, he sells the house in Mumbai for Rs. 12,10,000.

Compute the capital gain arising on the two transactions. Is Shri Ram eligible for exemption u/s 54 in respect of second sale ? Cost inflation indices for the financial year 1987-88 and 2013-14 are 150 and 939.   (10 + 6)

UNIT - III

6. What do you understand by aggregation of income ? What are the provisions of Income Tax Act regarding the following :   (6 + 5 + 5)

   (a) Cash credit

   (b) Unexplained money

7. From the following particulars, calculate taxable income of Murari for the Assessment year 2014-15.   (16)

	Rs.
Salary per month	24,000
Dearness allowance per month	2,400
House Rent allowance per month	4,000
(Rent paid in Delhi Rs. 6,000 p.m)	

House property is let out on a monthly rent of Rs. 2,000. The municipal value of the house property is Rs. 30,000. Municipal tax is Rs. 1,800 for whole year. Interest payable on capital borrowed for the construction of the house is Rs. 6,000. Repayment of house building loans taken from friends is Rs. 5,000 and from Life Insurance Corporation is Rs. 3,000.

	Rs.
Interest on Saving Bank A/c	7,000
Interest on PPF A/c	2,000
Income from units of mutual fund	4,000

Life Insurance Premium	6,000
Contribution to Public Provident Fund	16,000
Interest accrued on NSC Issue	4,000

Construction of building was completed on 1.1.2008.

UNIT - IV

8. Write notes on the following :

   (a) Return of Income   (5)

   (b) Types of Assessment   (5)

   (c) Income Tax authorities   (6)

9. Explain the terms 'Tax Planning', Tax Avoidance' and 'Tax Evasion'. How Tax planning is made in respect of managerial remuneration 'Make or Buy' ? Explain with example.   (16)