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**SARDAR PATEL UNIVERSITY**  
**BBA (VI Semester) Examination**  
**Friday**  
**20<sup>th</sup> March 2015**  
**2.30 pm - 4.30 pm**  
**UM06CBBA04/09 - Business Taxation**

**Total Marks: 60**

**Note:** Figures to the right indicate marks.

Q.1

- (A) State exceptions to previous years' rule. (05)  
(B) Specify the rules for determination of residential status of an individual assessee. (05)  
(C) Enlist any ten incomes exempt from tax. (05)

**OR**

Q.1 Write short note on the following:

1. Deduction u/s 80 C (05)  
2. Deduction u/s 80 D (05)  
3. Permanent Account Number (05)

Q.2 From the following information, calculate taxable income under the head "Salaries" of Smt. Asha for the A.Y. 2014-15. (15)

1. Basic salary : Rs. 30000 p.m.  
2. Dearness allowance : 10% of basic pay.  
3. Bonus : One Month Salary.  
4. Commission : Rs. 32000  
5. House rent allowance : Rs. 60000 p.a.  
(Rent paid by her at Ahmedabad Rs. 4500 p.m.)  
6. Education allowance for her : Rs. 1000 p.m.  
7. She and her employer contribute 20% of basic salary in recognised provident fund.  
8. Her employer has also provided 1.4 litres cubic capacity Motor-car used for personal as well as office purposes. All expenses of Motor-car are paid by the employer.  
9. Professional tax paid by Smt. Asha : Rs. 2400.

**OR**

Q.2

- (A) Mr. Barot (a specified employer) is employed with X Ltd. on a monthly salary of Rs. 25000, an entertainment allowance of Rs. 1000 p.m. and commission of Rs. 1000 p.m. The company provides him with the following benefits: (10)
- 1, A company owned accommodation is provided to him in Vadodara (Population- 20 Lakh). Furniture costing Rs. 250000 was also provided by company. Rs.1000 p.m was deducted from his salary for this benefit.

2. A personal loan of Rs. 500000 on which it charges interest at 8.2% p.a. The entire loan is outstanding throughout the year. (SBI rate of interest provided on 1-4-2013 was 18.2% p.a.)  
Calculate the taxable value of each perquisite provided to Mr. X for the A.Y. 2014-15.

(B) Mr. Suketu furnishes the following information for the P.Y. 2013-14. (05)

1. Annual basic salary Rs. 36000.
2. His contribution to recognised Provident Fund is Rs. 8100 (calculated at 15% of Salary + Dearness Allowance). The employer has also contributed an equal amount.
3. The employer has also provided him a rent free furnished house in Ahmedabad. The cost of furniture provided is Rs. 30000.  
Find out his taxable salary for the A.Y. 2014-15.

Q.3 Mr. Prasad owns three houses, particulars of which are as follows: (15)

Liabilities	House-I (Rs.)	House-II (Rs.)
Municipal Valuation	48000	50400
Fair rent	46800	49200
Standard rent	45600	51600
Annual Rent	54000	60000
Vacancy period (in months)	1	1/2
Municipal taxes paid	2400	500
Unrealised rent for P.Y. 2013-14	9000	5000
Interest on loan for repairs	7090	16400
Nature of Occupation	Let out for residence	Let out for residence

Mr. Prasad resides in House-III of which Municipal Valuation is Rs. 84000. Municipal taxes are 6% and interest on loan for repairs is Rs. 10000.

Determine his taxable income from house property for the A.Y. 2014-15.

**OR**

Q.3 Smt. Laxmipriya owns a residential house property. It has two equal residential units - Unit 1 and Unit 2. While Unit 1 is self occupied by Smt. Laxmipriya (15)

for her residential purpose, Unit 2 is let out at Rs. 6000 per month, rent for 2 months could not be recovered.

Municipal valuation of the house property is Rs. 130000, Standard rent is Rs. 125000 and fair rent is Rs. 140000. Municipal tax @ 12% is paid by the owner.

Interest on capital borrowed during 1998 for constructing the property is Rs. 63000.

Find out taxable income from house property of Smt. Laxmipriya for the A.Y. 2014-15.

Q.4 Mr. Madhusudan an advocate furnishes the following Receipts and Payment Account for the year ended 31st March, 2014:

(15)

Receipts	Rs.	Payments	Rs.
To Balance b/d	17000	By Purchase of office equipments	40000
To Profession Fees:		By Motor-car Exp.	48000
2011-12	5000	By Office Exp.	162000
2012-13	10000	By Staff Salaries	51000
2013-14	450000	By Income-tax paid	65000
To Gifts from Clients	10000	By Interest on Loan	11000
To Loan from Clients	118000	By Contribution to P.F.	6500
		By Refund of Loan	100000
		By Balance c/d	126500
	<b>610000</b>		<b>610000</b>

**Additional information:**

1. Allowable depreciation on Motor-car is Rs. 16000.
  2. 25% of Motor-car expense is for personal use.
  3. Fees due but not received for 2013-14 amounted to Rs. 10000.
  4. Charge 10% depreciation on Office equipments.
- Calculate his taxable Professional income for the A.Y. 2014-15.

**OR**

Q.4 Shri Parimal furnishes the following Profit and Loss Account for the year ended 31st March, 2014.

(15)

Particulars	Rs.	Particulars	Rs.
To Opening Stock	30000	By Sales	600000
To Purchases	400000	By Closing stock	50000
To Wages	100000	By Rent received	30000
To Audit fee	2000	By Bad debts recovery (of which Rs. 5000 was not allowed in previous year)	20000
To Building repairs (Let out)	3000		
To Rent collection charges	1000		
To General Exps.	4000		
To Bad debts	6000		
To Bad debts reserve	5000		
To Interest on capital	15000		
To Income-tax	20000		
To Depreciation (approved)	4000		
To Reserve for future contingency	5000		
To Staff salaries	25000		
To Net Profit	80000		
	<b>700000</b>		<b>700000</b>

Calculate his taxable business income for the A.Y. 2014-15.

