

SARDAR PATEL UNIVERSITY
BBA (ITM) (SEMESTER- VI) EXAMINATION

2018

Wednesday, 28th March

10:00 A.M. to 12:00 P.M.

BUSINESS TAXATION-II (UM06CBB104)

Total Marks: 60

Note: 1. Figures to the right indicate full marks of question.

2. All questions carry equal marks.

3. Working notes are the part of answer.

- Q-1 Compute taxable business income of shri Shivay for the assessment year 2017-18 with the help of following profit and loss account for the year ending 31-03-2017 [15]

Debit	(Rs.)	Credit	(Rs.)
General Expenses	12,000	By gross profit	4,00,000
Salary	93,000	Commission	4,000
Bad debt reserve	6,000	Bad debts recovered (of which 50% was not allowed in past)	8,000
Insurance Premium	8,000	Interest and Dividend	6,000
Sales Tax	5,000	Interest on Post office saving bank A/c	6,000
Bad Debts	4,000		
Advertisement Expenses	5,000		
Interest on capital	8,000		
Donation	8,000		
Motorcar Expenses	28,000		
Depreciation	1,000		
Telephone expenses	4,000		
Net Profit	2,42,000		
	4,24,000		4,24,000

Additional information:

- As per Income Tax Act allowable depreciation is Rs. 8,000.
- Salary includes Rs.24,000 paid to owners' salary.
- Rs. 5,000 paid to recognized institute is included in donation.
- Insurance premium includes Rs. 4,000 for Life insurance premium.
- Advertisement expenses include Rs. 4,000 for new sign board.
- Motor car expenses include Rs. 12,000 for personal use.

OR

- Q-1 Dr. Dax Patel owns a hospital at Ahmedabad. Compute his taxable professional income for AY-2017-18 from the following information: [15]

Receipts	(Rs.)	Payments	(Rs.)
Opening Balance	60,000	Hospital Expenses	1,18,000
Salary from medical college	18,000	X-Ray Machine (Purchased on 15-3-2017)	1,00,000
Bank Interest	4,000	Motor car expenses	18,000
Dividend	6,000	Stationary-Printing	6,000
Consultation fees	4,00,000	LIC premium	12,000

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(P.T.O.)

Loan from Bank	1,00,000	Son's Marriage Expenses	80,000
Cash gift from Patient	40,000	House hold Expenses	50,000
Hospital Income	60,000	Purchase of Books	14,000
Sale of surgical instrument	40,000	Travelling expenses	42,000
Income from card game	8,000	Insurance premium	14,000
		Purchase of surgical Instrument (01-01-2017)	80,000
		Purchase of medicine	1,30,000
		Purchase of computer	40,000
		Telephone charges	12,000
		Closing balance	20,000
	7,36,000		7,36,000

Other Information:

1. Allowable rate for depreciation on computer is 60% and on X-Ray machine is 15%.
2. W.D.V. as on 01-04-2016 of surgical instrument was Rs. 1,20,000 and rate for depreciation on Surgical instrument is 15%.
3. Opening stock and closing stock of medicine is Rs. 60,000 and Rs. 40,000 respectively.
4. Travelling expenses include Rs. 30,000 for business tour and rest for family tour at Ambaji.
5. Loss from speculation business Rs. 12,000.
6. W.D.V of motor car in the beginning of the year was Rs. 1,00,000. Allowable depreciation is 15% and 1/3 (one third) use of motor car is personal.

Q-2 Compute the capital gains chargeable to tax of shri Ram from following details [15]
for the AY- 2017-18:

Assets	Date of Purchase	Date of sale	Cost of Acquisition	Net Sales Value	CII
Self occupied House (Old)	01-01-68	15-03-17	3,00,000	50,70,000	100
Share of Reliance Limited.	01-06-05	31-12-16	1,59,040	4,00,480	497
Share of Arvind Limited.	01-03-94	31-12-16	73,200	1,97,000	244
Jewellery	01-09-85	26-03-17	3,99,000	28,90,100	133
Residential flat (New)	20-03-17		8,02,000		1125

He has sold old self occupied house on 15-03-2017 and purchase a new residential flat.

On 01-04-1981 the fair market value of self occupied (old) and jewellery were Rs. 3,00,000 and Rs. 1,80,000 respectively.

OR

Q-2 (A) Calculate the taxable capital gains chargeable to tax of Ms. Shita from following [09]
details for the AY- 2017-18:

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Assets	Date of sale	Sales Price	Date of Purchase	Purchase Price	Transfer Cost
Residential House	01-02-17	17,95,600	01-10-70	60,000	30,000
Registered Debentures	28-02-17	60,000	04-05-16	30,000	500
Personal Car	05-10-16	50,000	08-08-95	2,25,000	1,000
Jewellery	10-11-16	7,72,800	04-01-75	60,000	10,000
Residential flat (New)	---	---	31-03-17	7,20,000	---

The fair market value as on 01-04-81 of residential house and jewellery were Rs. 1,20,000 and Rs. 50,000 respectively. He has invested Rs. 2,00,000 in 3 years bond of NHA1 from the consideration received on sale of jewellery.

Year	1981-82	1995-96	2011-12	2016-17
CII	100	281	785	1125

- (B) Mr. Dasharath sold his jewellery for Rs. 45,52,000 on 01-09-2016 and paid [06] brokerage Rs. 75000. The jewellery purchased in 1969 for Rs.1,80,000. From sales consideration Mr. Dasharath purchased a residential house on 01-02-17 for Rs. 32,00,000 in which he was staying as a tenant. The fair market value of jewellery as on 01-04-1981 was Rs. 3,00,000. Compute capital gain for the AY 2017-18.

Q-3

Calculate the taxable income of Mr. Anand Thakkar for the AY 2017-18 under [15] the head 'Income from other sources' with the help of the following information furnished by him:

Sr. No	Particulars	Amount (Rs.)
1	Interest from Gold Deposit Bond-1999	4,000
2	Dividend on shares of Reliance Power Limited	2,400
3	Interest from less tax debentures of Astha limited. (TDS @ 20%)	36,000
4	Interest from less tax debentures of Garden Vareli Limited. (TDS @ 10%)	45,000
5	Investment of Rs. 9,36,000 in 10% less tax debentures of Chennai Limited. (TDS @ 10%); were sold on 01/07/2016 and paid the bank loan taken to invest in the debentures of Elizabeth limited.	
6	Net Royalty received as an author of a book (after deducting Rs. 8000 being expenses)	52,000
7	Investment in 10% tax free debentures of Delhi limited (TDS @ 10%)	5,51,835
8	Income from horse race (net) (TDS @ 30%)	35,000
9	Interest on Bank deposit (Gross)	78,000
10	Invested Rs. 480000 (FV) in 12% tax free debentures of Elizabeth Limited. (TDS @ 20%) on 01/06/2016 and paid with the help of 12% bank loan of Rs. 400000.	

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(P.T.O.)

11	Rent received from open land	28,050
12	Interest paid on 12% bank loan to (Rs. 400000) invest in the debentures of Elizabeth Limited	
13	Bank charges paid to collect the taxable interest.	1,910

Note: The interests are being paid on half yearly basis: 30th June and 31st December.

OR

Q-3 Write short note on: [15]

1. Deductions U/S 80 C
2. Deductions U/S 80 G

Q-4 Write short note on: [15]

1. Domestic Company
2. Carry forward and set off tax credit

OR

Q-4 Write short note on: [15]

1. Minimum Alternate Tax
2. Computation of tax liability of company

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Aliya Gec

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