

[6]

SEAT No. _____

No. of Printed Pages : 4

SARDAR PATEL UNIVERSITY
BBA (ITM) (Semester VI) Examination
Tuesday, 26th March, 2019
10.00 A.M. to 12.00 P.M.
UM06CBB104 – Business Taxation - II

Total Marks : 60

Note : Figures to the right indicate marks.

Q-1 From the following information of Dr. Shiv compute taxable income under the head [15]
 "Income from Business and Profession" for the A/Y 2018-19.

Dr.		Receipt and Payments account for the year ended on 31-3-2019		Cr.	
Receipts	Rs.	Payments	Rs.		
To Balance b/d	60,000	By Hospital rent	3,60,000		
To Visit fees	90,000	By Staff salaries	6,90,000		
To consulting fees	11,10,000	By Mobile bills	18,000		
To Sale of medicines	1,20,000	By Newspapers & Magazines	4,000		
To Operation charges	10,80,000	By Purchase of bike for son	2,00,000		
To Operation theatre rent	45,000	By Medical Journals	10,000		
To Birthday gifts from friends	5,000	By Motor car expenses	60,000		
To Sale of share of Tata Ltd.	45,000	By Municipal tax	1,28,000		
Sale of land	1,80,000	By Travelling expenses (Personal)	12,000		
To Interest and dividend	52,500	By Daughters marriage expenses	1,00,000		
To Sale of surgical equipments	30,000	By Bio-waste discard charges	9,000		
To Gifts from patients	30,000	By Insurance premium (life)	15,000		
Interest on Debentures	40,000	By Purchase medicines	2,40,000		
Income Tax Refund	10,000	By Purchase of surgical equipment (1-7-2017)	1,20,000		
Income from agriculture land	1,00,000	Air-conditioned plant (1-9-2017)	8,85,500		
		By Loan to friend	40,000		
		By Income tax	10,000		
		By Balance c/d	96,000		
	28,97,500			28,97,500	

Additional Information :

- (1) Mobile bill included Rs. 3,000 for personal use.
- (2) Opening stock of medicines was Rs. 30,000 and closing stock was Rs. 45,000.
- (3) Motor car is equally used for personal and professional purpose.
- (4) The opening written down value of surgical equipments was Rs. 1,50,000. Depreciation is allowed at 40% p.a.
- (5) Municipal Tax includes Rs. 20,000 for residential house.
- (6) Air-conditioning plant (for hospital) is subject to 40% depreciation.

(P.T.O)

(3)

OR

Q-1

Mrs. Uma is a business woman. Profit and Loss A/c of her business for the year ending 31st March, 2018 is as under : [15]

Dr. Profit and Loss Account Cr.

Particulars	Rs.	Particulars	Rs.
To Stationery	2,500	By Gross Profit	10,00,000
To Salary	4,15,000	By Bad-debts recovery (allowed as loss in previous year)	16,000
To Godown rent	46,000	By Discount	4,000
To Advertisement	10,000	By Dividend	20,000
To Bad-debts Reserve	6,000	By Gift (from her husband)	10,000
To Int. on Capital	30,000	By Lottery Income	1,00,000
To Owner's salary	24,000	By Income-tax Refund (Including Rs. 600 of interest approved by ITO)	5,000
To Bad-debts	2,500	Commission	20,000
To Income-tax	13,000		
To Depreciation	12,000		
To Motor expenses	7,000		
To Free samples (goods)	2,000		
To Loss on sale of Furniture	2,500		
To Discount Reserve	1,500		
To Office expenses	11,000		
To Defalcation of cash by Cashier	60,000		
To Insurance :			
Shop	22,000		
Life	11,000		
To Penalty for late filing of Income-tax Return	3,000		
To Legal expenses	4,000		
To Net Profit (Trd. To Capital A/c.)	4,90,000		
	11,75,000		11,75,000

Additional information is as follows :

- (1) 1/5th of use of motor car is for personal purposes.
- (2) Office expenses include Rs. 1,000 of daughter's college-fees and Rs. 500 of Pooja exps. (business).
- (3) Admissible depreciation under Income-tax rule is Rs. 10,000, which includes Rs. 5,000 for the motor car.
- (4) Stationery bill of Rs. 1,000 is unpaid which has been included in the above figure.
- (5) He received Sundry Income of Rs. 30,000, Bank Interest 5000 and gift from customer Rs. 10,000 was not recorded into above P & L Account.
- (6) During the year she paid discount Rs. 20,000, Bad debts Rs. 30,000, Donation Rs. 30,000 was not recorded into above P & L Account.

Compute Mrs. Uma's taxable business income for the assessment year 2018-19.

2

Q-2. Compute the capital gains chargeable to tax of Shree Ramkrishna from the following [15] details for an A.Y. 2018-19.

Assets	Date of Purchase	Cost	Date of Sale	Selling price	Transfer charges	CII
(1) Self occupied House	1-1-1990	5,00,000	31-12-17	44,20,000	20,000	100
(2) Share of GMM Ltd	1-6-2015	2,54,000	31-12-17	5,00,000	-	254
(3) Share of ELECON Ltd	1-3-2014	2,64,000	31-12-17	2,52,800	4,000	220
(4) Jewellery	1-9-2005	13,45,500	31-12-17	34,00,000	20,000	117
(5) Residential House (New)	1-7-2017	8,00,000	-	-	---	---

He had sold old self occupied house on 20-03-2018. He had incurred Rs. 2,40,000 in the year 2014-15 for additional construction in the house.

On 01-04-2001 the fair market values of self-occupied house and Jewellery were Rs. 12,00,000 and Rs. 1,80,000 respectively. Shares of both the companies were subject to securities transaction tax.

Relevant Index Nos.

2001-02 : 100, 2014-15 : 240, 2017-2018 – 272

OR

Q-2 (A) Mr. Kishan sold his personal use Jewellery on 30-08-2017 for Rs. 40,00,000. He paid 5% [05] brokerage on sale. He purchased Jewellery as per under.

1. 50% of total jewellery was purchased during the year 2006-07 for Rs. 1,22,000.
2. Remaining 50% of total Jewellery was purchased during the year 2010-11 for Rs. 5,01,000.

After a sale of Jewellery he purchased residential house on 31-12-2017 for Rs. 40,00,000 and on 1-1-2018 he purchased 3 year's NHAI Bonds for Rs. 20,00,000.

Relevant Index Numbers :

2006 – 07 : 122, 2010-11 : 167, 2017-18 : 272

Calculate his taxable capital gain for the A.Y. 2018-19.

Q-2 (B) Smt. Radha provides the details of her Income for the year ending 31-3-2018. Compute [10] her income under the head capital gain for the A.Y. 2018-19. 2750 shares of Reliance Ltd. were sold on 30-07-2017 at Rs. 1000 per share. She paid brokerage at Rs. 10 per shares. The details about the shares sold are :

- (1) Original 750 Shares were purchased on 1-1-1999 at Rs. 20 per share.
- (2) Reliance Ltd. had allotted 1500 bonus shares on 15-04-2000 at the rate of 2 share for every share held.
- (3) The fair market value of share on 1-4-2001 was Rs. 30 per share.
- (4) Reliance Ltd. had allotted 1125 bonus shares on 1-1-2017 at the rate of one share for every 2 share held.
- (5) Shares sold on 30-07-2017 Includes 750 original shares, 1500 bonus shares received first and 500 shares out of bonus shares received at second allotment.

This transaction was not subject to STT.

The Relevant cost inflation index for financial year 2017-18 is 272 and 2001-02 is 100.

(3)

(P.T.O.)

Q-3 From the following particulars of income of Shri Shyam, compute his taxable income under the head Income from other sources for the Assessment year 2018-19. [15]

1. Gross interest on bank deposits	2,00,000
2. Dividend received on equity share of Reliance company.	30,000
3. Ground Rent income	15,000
4. Prize won in horse race (Gross)	50,000
5. Interest received on 90000, 10% tax free debenture of Tata Ltd. (TDS 10%)	9,000
6. Interest on Rs. 2,00,000, 7% Capital Investment bonds	14,000
7. Net Prize received on lottery won (TDS 30%)	70,000
8. Rent Received from sub tenant.	10,000
9. Dividend on Preference shares of Indian Company.	40,000
10. Dividend Received on shares of Foreign company.	40,000
11. Family Pension	1,00,000
12. Composite rent of factory building and machinery.	1,50,000

Shri Shyam has presented the claim to get deduction in respect of following expenses :

- (1) Depreciation on factory building and machinery. Rs. 30,000
- (2) Interest on loan taken to make investment in debenture of Tata Ltd. Rs. 5,000
- (3) Expenses of lottery tickets bought. Rs. 2000

OR

Q-3 Write short notes on :
(A) Deduction U/s. 80 D. [07]
(B) Deduction U/s 80 G [08]

Q-4 Write short note on : [15]
(A) Company
(B) Indian Company
(C) Computation of tax liability of Company.

OR

Q-4 Write short note on :
(A) Carry forward and set off of tax credit [07]
(B) Computation of Book Profit [08]