

GUJARAT TECHNOLOGICAL UNIVERSITY
MBA (Integrated) – SEMESTER – 3 EXAMINATION – WINTER - 2018

Subject Code: 2537105

Date: 10/12/2018

Subject Name: Income Tax (IT)

Time: 10:30 AM To 01:30 PM

Total Marks: 70

Instructions:

1. Attempt all questions.
2. Make suitable assumptions wherever necessary.
3. Figures to the right indicate full marks.

Q.1 (a) Explain the following concepts **07**

1. Assessment year 2. Person 3. Previous year

(b) What are the different categories of residential status? Explain how these categories are determined and affect the tax liability of an assessee? **07**

Q.2 (a) Mr. B is working in XYZ Ltd. and has given the details of his income for the P.Y. 2014-15. You are required to compute his gross salary from the details given below: **07**

Basic Salary	Rs. 10000 Pm
D.A. (50% is for retirement benefits)	Rs. 8000 Pm
Commission as a percentage of turnover	1%
Turnover during the year	Rs. 500000
Bonus	Rs. 40000
Gratuity	Rs. 25000
His own contribution in the RPF	Rs. 20000
Employer's contribution to RPF	20% of his basic salary
Interest accrued in the RPF	@ 13% p.a. Rs. 13,000

(b) Mr. X is a Finance Manager in XYZ Ltd. The company has provided him with rent-free unfurnished accommodation in Calcutta. He gives you the following particulars: **07**

Basic salary	Rs. 6,000 p.m.
Advance salary for April 2015	Rs. 5000
Dearness Allowance	Rs. 2,000 p.m. (30% is for retirement benefits)
Bonus	Rs. 1500 p.m.

Even though the company allotted the house to him on 1.4.2014, he occupied the same only from 1.11.2014. Calculate the taxable value of the perquisite for A.Y. 2015-16.

OR

(b) Explain in detail the tax provision pertaining to interest on securities. **07**

Q.3 (a) List down the expenses which are admissible under provision of Income tax Act under the head of Profit and Gains from Business and Profession. **07**

(b) Savita has a property whose municipal valuation is Rs. 1,30,000 p.a. The fair rent is Rs. 1,10,000 p.a. and the standard rent fixed by the Rent Control Act is Rs. 1,20,000 p.a. The property was let out for a rent of Rs. 11,000 p.m. throughout the previous year. Unrealised rent was Rs. 11,000. She paid municipal taxes @10% of municipal valuation. Interest on borrowed capital was Rs. 40,000 for the year. Compute the income from house property of Savita for A.Y. 2015-16. **07**

OR

- Q.3 (a)** Mr. Sharma is a practicing advocate. His Profit and Loss A/c for 2016-17 is as under. Calculate Profits and Gains from Business and Profession.

07

Particulars	Amt. (Rs.)	Particulars	Amt. (Rs.)
Stationery Expense	1,20,000	Fees from clients	12,00,000
Printing Expense	3,00,000	Bad Debt Recovered	20,000
Repairing of computer system	10,000	Agriculture income	10,000
Insurance of Office	15,000		
Salary to staff	1,00,000		
Depreciation	1,55,000		
Personal expense	25,000		
Bonus to employees	20,000		
Fees for advice taken from expert from USA	1,30,000		
Surplus/ Net Profit	3,55,000		
TOTAL	12,30,000	TOTAL	12,30,000

Additional information:

- Depreciation allowed as per Income-tax is Rs. 1,65,000.
- Bonus to employees is still payable.
- Tax has not been deducted at source on the fees paid to USA expert

- (b)** From the following details, calculate Income from House Property for A.Y. 2017-18:

07

Municipal Value	Rs. 3,00,000
Fair Rent	Rs. 2,80,000
Standard Rent	Rs. 2,50,000
Actual Rent	Rs. 20,000 p.m.
Rent Unrealized for	2 months
Municipal Tax Levied	10% of municipal value
Municipal Tax Paid	Rs. 10,000
Interest on Housing Loan paid	Rs. 80,000

- Q.4 (a)** Write short note on: Exemptions from Long-term Capital Gain. [Explain any one in detail.]

07

- (b)** Explain the deductions allowed under section 80C and 80CCC of Income Tax Regulations.

07

OR

- Q.4 (a)** Calculate the amount of Capital Gain from the following information:

07

	Building I	Building II
Sale Consideration	Rs. 10,00,000	Rs. 25,00,000
Expenses on Sale	Rs. 1,00,000	0
Date of Sale	14/09/2016	29/10/2016
Cost of Purchase	Rs. 3,00,000	Rs. 11,00,000
Date of Purchase	01/02/2009	03/06/1998
Cost of Improvement	0	Rs. 25,000
Date of Improvement	N.A.	03/06/2011

Cost Inflation Index: 2016-17: 1125, 2011-12: 785, 2008-09: 582, 1998-99: 351

- (b)** Explain the deductions allowed under section 80D, 80DD and 80E of Income Tax Regulations.

07

- Q.5 (a)** List down payment on which tax is deducted at source.

07

- (b)** What is Casual income? Discuss the provisions of income tax act for casual income.

07

OR

Q.5 (a) Mr. Het works with TCS in Chennai office. He has received the following: **07**

Gross Salary	Rs. 5,00,000
Dearness Allowance	Rs. 1,00,000
Overtime Allowance	Rs. 50,000
House Rent Allowance	Rs. 1,20,000

During the year, Het paid Rs. 1,32,000 as house rent. Calculate his taxable House Rent Allowance for A.Y. 2017-18.

(b) Explain the following terms: **07**

1. Capital asset
2. Long Term Capital Gain
3. Short Term Capital Gain
