

BALLARI INSTITUTE OF TECHNOLOGY & MANAGEMENT

(Autonomous Institute under Visvesvaraya Technological University, Belagavi)

USN

--	--	--	--	--	--	--	--	--	--

Course Code

M	B	A	F	M	4	1	1
---	---	---	---	---	---	---	---

Fourth Semester MBA Degree Examinations, August 2026

TAX MANAGEMENT

Duration: 3 hrs

Max. Marks: 100

Note: 1. Answer any FOUR full questions from Question No. 1 to 7.

2. Question No. 8 is compulsory

3. Missing data, if any, may be suitably assumed

<u>Q. No</u>	<u>Question</u>	<u>Marks</u>	<u>(RBTL:CO:PO)</u>
1	a. Using the suitable section in IT Act discuss the various assesses. 03 (2:1:1) b. Mr. A, an Indian citizen, stayed in India: 07 (3:1:1) • FY 2025–26: 210 days • 2024–25: 150 days Total stay in India during the 7 preceding previous years: 850 days. He was resident in India in all 10 preceding previous years. Determine his residential status for Assessment Year c. Discuss the differences between tax management and tax avoidance. 10 (3:1:1)		
2.	a. Explain the Section 16 in salary income. 03 (2:2:2) b. Mr. Anil who is an employee in Bharath chemicals ltd., retires on 30/11/2024 after serving for 33 years 9 months. He received a Gratuity amount of Rs.9, 00,000. His salary at the time of retirement was: Basic Salary Rs.30,000 PM DA Rs. 9,000 PM (part of retirement) HRA Rs.4,500 PM. Compute the Taxable and Exempted Gratuity as per IT Act U/S 10(10) 07 (3:2:2) c. From the following details of income furnished by Mr. Narayan Rao for the previous year. Compute his income from salary for the assessment year. 10 (3:2:2) (i) Net basic salary (after deducting income tax Rs 20,000) Rs 2,20,000 (ii) Dearness allowance Rs 60,000 (25% includes for retirement benefits) (iii) Bonus Rs 20,000 (iv) Education allowance Rs 8,400 (his two children are studying) (v) Entertainment allowance Rs 12,000 (vi) His own contribution to recognized provident fund Rs 40,000 (vii) Employer's contribution to above fund Rs 40,400 (viii) Interest credited to the above fund 12% Rs 12,000 (ix) He is provided with rent free accommodation owned by the employer in a city having a population of 12 Lakh. (x) Employer has also provided the following: i. Sweeper salary paid to him Rs 300 p.m ii. Domestic servant salary paid to him Rs 250 per month.		

Note: (RBTL - Revised Bloom's Taxonomy Level: CO - Course Outcome: PO – Programme Outcome)

3. a. Explain the tax treatment of vacancy period rent. **03 (3:2:2)**
 b. Discuss Deduction U/S 80 C and 80 DD. **07 (3:4:4)**
 c. Mr. Dawan supplies the following information of house properties owned by him for the previous year **10 (4:2:2)**

Particulars	House 1	House 2	House 3
Nature	SOP	House Let out	Shop Let out
Municipal value	12,000	31,000	36,000
Rent Received	---	30,000	40,000
Standard Rent	---	28,000	38,000
Municipal Taxes	1,800	5,400	9,000
Interest on loan	9,000	3,000	2,000

Compute his income from house property taking into consideration that the shop let out remained vacant for 3 months and for the house let out for residence there was unrealized rent of Rs 2,500 in the previous year.

4. a. Compare the vocation with profession with an example each. **03 (2:3:3)**
 b. Compute the depreciation allowance from the following: **07 (3:3:3)**

Asset	Furniture
Rate of Depreciation	10 %
Opening WDV	50,000
Purchases	--
Sold	10,000

- c. From the following receipts and payments account of Dr. Ram, a medical practitioner, compute his income from profession for the assessment Year **10 (4:3:3)**

Receipts	Rs.	Payments	Rs.
Cash on Hand	2,000	Clinic Expenses	22,000
Consultation Fees	1,30,000	Periodicals	800
Visiting Fees	20,000	LIC Premium (Self)	12,000
X-Ray Charges	50,000	Staff Salaries	60,000
Share from HUF	8,000	Domestic Exp.	55,200
Loan from Bank	65,000	Donations	20,000
Rent from HP	24,000	Car Expenses	6,000
		Surgical Equipment	60,000
		Cash on Hand	3,000
Total	2,99,000	Total	2,99,000

Additional Information / Adjustments:

- (i) Depreciation on assets (including professional car and equipment) as per Rules is determined to be Rs. 5,000.
 (ii) Share of income from Hindu Undivided Family (HUF) is completely exempt from tax under Section 10(2).
 (iii) The bank loan was specifically obtained for the purchase of professional surgical equipment.

- 5 a. Explain asset depreciate. Discuss the reasons. 03 (2:3:3)
- b. Determine exemption limit in 54 B and 54 D in capital gain. Discuss. 07 (3:3:3)
- c. From the following information furnishes by Mr. Vijay compute his capital gains for the AY. 10 (4:3:3)

Particulars	Residential house	Jewellery	Non-listed shares
Cost of acquisition	10,00,000	12,00,000	2,00,000
Year of acquisition	1972-1973	1969-1970	2012-2013
Cost of additions	2,00,000	2,00,000	1,10,000
Year of additions	1977-1978	1979-1980	2013-2014
Cost of improvement	1,48,000	68500	-
Year of improvement	2009-2010	2008-2009	-
Selling expenses	20,000	-	5,000
Sale proceeds	47,77,000	35,90,500	5,88,500

The fair market value of house property and jewellery on 1-4-2001 was Rs. 12,00,000 and Rs.14,00,000 respectively.

He has purchased new residential house costing Rs. 8,00,000 on 3-2-2023.

The cost of inflation index were: 2001-02=100, 2008-09=137, 2009-10=148, 2012-13=200, 2013-14=220 and 2024-25=363.

6. a. Can you give 3 elements considered in GAV? 03 (3:3:3)
- b. Discuss the Income from other sources. 07 (3:4:4)
- c. Determine the business income of Arun for the A.Y. from the given summary details: 10 (4:3:3)

Particulars	Rs.	Particulars	Rs.
Legal Expenses	18.000	Gross Profit	3.40.000
Salaries & Wages	85,000	Share from a Partnership Firm	25,000
Wealth Tax	4 500		
Net Profit	2.57.500		
Total	3.65.000	Total	3.65.000

Additional Information / Adjustments:

- (i) Legal expenses include Rs. 12,000 paid to defend the title of the factory's land plot.
- (ii) Share of profit from a partnership firm is exempt under Section 10(2A).

7. a. Identify the features of GST? 03 (2:5:5)
- b. Explain time value of Money in Forward charge and Reverse charge 07 (3:5:5)
- c. Discuss the registration in GST 10 (3:5:5)

8.

Case Study

Following is the Profit & Loss Account of Mr. Chandan for the year ended 31-03-2025

Expenditure	Amount (₹)	Income	Amount (₹)
Salaries	1,40,000	Gross Profit	10,50,000
Office Expenses	55,000	Dividend Income	20,000
Advertisement	60,000	Lottery Winning (Net)	84,000
Depreciation	70,000	Interest on FD	15,000
Public Provident Fund contribution	1,40,000	Capital Gain	2,50,000
Donation	18,000		
Medical Treatment of Disabled Dependent	75,000		
Treatment of Specified Disease	35,000		
Net Profit	11,66,000		
Total	15,59,000	Total	15,59,000

Additional Information

- (i) PPF contribution is in his name
- (ii) Donation is made to family planning
- (iii) Depreciation as permissible is Rs. 54,000
- (iv) Dividend is from JSW energy Ltd.,

- a. Show income from each head. **10** **(3:4:4)**
- b. Compute taxable total Income after necessary deductions applicable. **10** **(4:4:4)**

** ** *