

Basavarajeswari Group of Institutions
BALLARI INSTITUTE OF TECHNOLOGY & MANAGEMENT
(Autonomous Institute under Visvesvaraya Technological University, Belagavi)

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Course Code

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Third Semester MBA Degree Examinations, May/June 2023
DIRECT TAXATION

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>(RBT:CO:PO)</u>
1.	a. Define Assessment year.	03	(1 :1: 1)
	b. Explain Previous year and its exceptions.	07	(2 :1: 1)
	c. Mr. Mahesh Bhatt, an Indian Citizen, Leaves India for the First Time on September 20, 2018 for The Purpose of Employment. He Comes to India for A Visit Of 146 Days on April 10, 2020. He Comes Back on May 16, 2021. Find Out His Residential Status for The Assessment Year 2022-23.	10	(2 :1: 1)
2.	a. Define perquisites	03	(1 :2: 2)
	b. Explain Mr. B Received Rs. 60,000 On His Retirement On 30.09.2021 as Gratuity from His Employer with Whom He Has Served For 29 Years And 7 Months. Compute The Taxable Amount in Each of The Following Cases Separately If His Salary During Calendar Year 2020 Was Rs. 2,000 And During 2020 Was Rs.2,400 And It Is Due On 1 st Of Every Month. He Had Worked Earlier with A Company For 6 Years and Received Rs. 92,000 As Gratuity Which Was Fully Exempted U/S 10(10) <ul style="list-style-type: none"> i. He Is a Government Employee ii. He Is Working in A Machine Tool Factory at Ludhiana. (Covered Under Payment of Gratuity Act) iii. He Is Working in A Commercial Office at Delhi. 	07	(2 :2: 2)
	c. Compute the income from Salary of Shri Vittal of Hubbali (Population 11 Lakhs) furnish the Following Particulars of His Income For The PY 2021-22: <ul style="list-style-type: none"> i. Basic Salary @ Rs.2000 P.M. ii. Dearness Allowance Rs.150 P.M. (Enters into Retirement Benefit) iii. Bonus Rs.4000 P.A. iv. Rent Free Accommodation Provided by The Employer on The Fair Rental Value of Rs.30000 P.A. & Cost of Furniture Provided There in Rs.10000. v. Free Use of Motor Car Of 1600 Cc for Both the Official & Personal Purposes. The Running & Maintenance Expenses of The Car Including Driver Salary Paid by The Employer. vi. Entertainment Allowance Rs.400 P.M. vii. His Own Contribution to Recognized Provident Fund Is @ 18% Of Salary. viii. Employer's Contribution To The Above Fund Is Rs.8160 ix. Interest On RPF @ 12% Is 2400. 	10	(4 :2: 2)

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

3. a. Define the inadmissible Expenses and Inadmissible incomes **03** (2 :3: 1)
- b. Compute the Depreciation Allowance **07** (2 :3: 1)

Particulars	WDVAs On 1-4-2021	Additions During PY	Sales	Rate
Hotel Building	7,50,000	2,50,000	1,00,000	10%
Furniture	3,00,000	1,00,000	Nil	10%
Calculators	5,000	Nil	Nil	15%
Plant And Machinery	10,00,000	5,00,000	2,00,000	15%

Adjustments:

- Hotel Building Additions Were Made During December 2021.
 - Plant And Machinery Additions Were Made During February 2022
- c. Mr. Suresh is an Owner of Departmental Store at Bangalore. From The Following P&L A/C Calculate Income from Business. **10** (2 :3: 1)

Particulars	Rs.	Particulars	Rs.
To Opening Stock	3,60,000	By Sales	40,00,000
To Purchase	35,00,000	By Closing Stock	4,50,000
To Salary Wages	1,00,000		
To Rent & Rents	50,000		
To Commission	30,000		
To Household Expenses	18,000		
To Income Tax	45,000		
To Advertisement	10,000		
To Postage and Telegram	14,000		
To Interest on Own Cap	8,000		
To Reserve for Future Losses	5,000		
To Depreciation	1,000		
To Net Profit	3,09,000		
	44,50,000		44,50,000

- a. The Amount Of House Hold Expenses Includes a Contribution of Rs.7,000 Towards PPF
- b. Depreciation According to It Rules Rs.500
- c. Salary And Wages Included Rs.12,000 Being Entertainment Allowance Paid to Employees

4. a. Define Capital assets and state the types. **03** (2 :4: 4)
- b. Explain different types exemptions under section 54. **07** (2 :4: 4)

- c. 1. Shri Athmananda submits the following particulars of assets sold during the year 2021-22: **10**

(2 :4: 4)

Particulars	Gold (₹)	Securities (₹)	House (₹)
Sales proceeds	4,00,000	1,50,000	20,00,000
Cost of acquisition	60,000	40,000	1,40,000
Year of acquisition	2008-09	2013-14	2004-05
Year of sale	2021-22	2021-22	2021-22
Cost inflation Index	137	220	113
Brokerage paid	--	---	2%

He has purchased a residential house for ₹9,00,000 on 25-3-2022 on which date he did not own any other residential house.

Calculate his taxable capital gain for the assessment year 2022-23.

5. a. State the amount of limit of Deduction U/S 80 DD, 80DDB **03** (1 :5: 5)
- b. Explain set off and carry forward of losses. **07** (2 :5: 5)
- c. Discuss any 5 deductions U/S 80 **10** (3 :5: 5)
6. a. Define the profession **03** (1 :1: 1)
- b. Explain the inadmissible expenses and inadmissible incomes with suitable examples. **07** (2 :1: 1)
- c. Dr. Krishna, A Medical Practitioner Provides Details of His Professional Income. Compute Income from Profession for The A.Y.2022-23. **10** (2 :1: 1)

Receipts	Rs.	Payments	Rs.
To Balance B/D	35,000	By Rent Of Clinic	85,000
To, Consultation Fees 2018-19 2019-20 2020-21	25,000 1,30,000 2,25,000	By Electricity And Water	12,000
To Visiting Fees	1,30,000	By Purchase Of Books	18,000
To Loan from Bank for Professional Purpose	2,25,000	By Household Expenses	97,000
To Sale of Medicine	1,73,000	By Purchase Of Car	2,50,000
To Gift from Patients	15,000	By Purchase Of Surgical Equipment	44,000
To Remuneration from Articles in Professional Journal	26,000	By Income Tax	40,000

To Rent from House Property	96,000	By Life Insurance Premium	80,000
To, Interest On POSB	17,000	By Interest On Loan	20,000
		By Medical Council Fees	10,000
		By Balance C/D	4,41,000
Total	10,97,000	Total	10,97,000

Additional Information:

- a) Depreciation On Car Is Allowed @ 15%
- b) Cost Of Medicine of Rs.80,000 Is Not Included In The Above Receipt And Payment Account
- c) Depreciation On Surgical Instrument Is Allowed @ 15% And Book 100%

7. a. Mention the deduction U/S 24 in HP **03** (2 :2: 2)
- b. Explain the Chargeability section of HP **07** (2 :2: 2)
- c. Mr Anudeep supplies the following information of house property owned by him, compute his income from HP **10** (3 :2: 2)

Particulars	SOP	LOP
Municipal Value	12,000	31,000
Rent Received	-	30,000
Standard Rent	-	28,000
Municipal Taxes	1,800	5,400
Interest on Loan	9,000	3,000
Unrealised Rent	--	2,500
Vacancy Period	---	3 Months

Case study

8. Following are the particulars of Mr. Gopal (resident) for the Previous year 2022-23:

Gross Salary	₹ 1,79,000
Business Income	70,000
Royalty on Books for Colleges	30,000
Rent from House Property	20,000
Dividend Income	15,200
Bank Interest	8,800
Income of a Minor Son	50,000
Long-term Capital Gains	30,000
Contribution to PPF	3,000
Life Insurance Premium Paid	1,000
Health Insurance Premium Paid	800
Donation to National Defence Fund	5,000

- a. Compute the total income **10** (3 :3: 4)
- b. Compute the Tax liability for the Assessment year **10** (3 :3: 5)

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