

P P SAVANI UNIVERSITY

Fourth Semester of MBA Examination

May 2022

SLMB8250 Taxation & Debt Management (Minor)

10.05.2022, Tuesday

Time: 09:00 a.m. To 11:30 p.m.

Maximum Marks: 60

Instructions:

1. The question paper comprises of two sections.
2. Section I and II must be attempted in same answer sheets.
3. Use of calculator is allowed.
4. Don't copy the questions in answer sheets.

SECTION - I

Q - 1 Multiple Choice Questions:

[05]

- (i) Casual Income is taxable at ____ %.
[A] 10 [B] 20 [C] 30 [D] 40
- (ii) Tax ____ is illegal and unethical.
[A] Avoidance [B] Evasion [C] Planning [D] Management
- (iii) Basic Exemption Limit for A.Y. 2021-22 for normal taxpayer is Rs. ____.
[A] 2,00,000 [B] 2,50,000 [C] 3,00,000 [D] 5,00,000
- (iv) ____ % of Gross Receipts is deemed to be an income for professional u/s. 44ADA.
[A] 6 [B] 8 [C] 40 [D] 50
- (v) TCS is applicable when consideration from sale of any goods exceeds the aggregate of Rs. ____.
[A] 25,00,000 [B] 50,00,000 [C] 75,00,000 [D] 1,00,00,000

Q - 2 Following is the profit and loss account of Z Ltd. for the year ended on 31-3-2022.

[20]

Particulars	Amount	Particulars	Amount
To Raw material consumed	20,00,000	By Sale	
To Rent	5,00,000	Export	50,00,000
To Salary & Wages	10,00,000	Domestic	30,00,000
To Depreciation	5,00,000	By Closing Stock	10,00,000
To Provision for contingencies	75,000		
To Wealth Tax of earlier year	50,000		
To Loss of subsidiary co.	50,000		
To Custom Duty	40,000		
To Proposed dividend	1,00,000		
To Provision for Income tax	1,05,000		
To Net Profit	45,80,000		
	90,00,000		90,00,000

Additional Information:

- (1) Interest on bank loan relating to year 2019-20 has been paid during the previous year Rs. 1,00,000.
- (2) Whole of Custom duty is unpaid.
- (3) Company is entitled to get deduction u/s 80G Rs. 1,00,000.
- (4) For the purpose of Income tax, depreciation is Rs. 4,00,000.
- (5) Turnover of the company during the previous year was Rs. 65 Crores and it is life time highest turnover achieved by the company.
- (6) In past few years, company had suffered losses, following balances are still unabsorbed:

	As per Income tax Act	As per books of Accounts
Depreciation	NIL	Rs. 3,50,000
Losses	Rs. 42,50,000	Rs. 4,00,000

Compute tax liability of the company.

OR

Q - 2 (a) Apple Industries Ltd. provides the following information for the financial year 2021-22: [10]

Net profit as per P & La/c after debiting/crediting the following:	Rs. 120 lakh
Proposed dividend	Rs. 30 lakh
Profit from unit established in SEZ	Rs. 20 lakh
Provision for income-tax	Rs. 18 lakh
Provision for deferred tax	Rs. 10 lakh
Provision for permanent diminution in value of investments	Rs. 3 lakh
Depreciation debited to statement of profit and loss Rs. 10 lakh includes depreciation on revaluation of assets to the tune of	Rs. 1 lakh

Brought forward losses and unabsorbed depreciation as per books of the company are as follows (Rs. In lakh) :

Previous Year	Brought Forward Losses	Unabsorbed Depreciation
2017-18	1	4
2018-19	1	1
2019-20	10	5

Compute the book profit of the company as per section 115JB and tax as per MAT for the assessment year 2022-23.

Q - 2 (b) Mr. Sukhvinder is engaged in the business of plying goods carriages. On 1st April, 2021, he owns 10 trucks (out of which 6 are heavy good vehicles of (unladen weight of each is 20 ton)). On 2/5/2021, he sold one of the heavy goods vehicles & purchased a light goods vehicle on 6th May, 2021. This new vehicle could however be put to use only on 15-6-2021. Compute the total income of Mr. Sukhvinder for the A.Y. 2022-23 u/s. 44AE. [05]

Q - 2 (c) Explain the provision of Clubbing of Income of Minor Child u/s. 64(1A) with example. [05]

Q - 3 **Short Note(Any ONE):** [05]

(i) Budget (2022) Implications to Income Tax Provisions.

(ii) Direct Tax Code.

SECTION - II

Q - 1 **Multiple Choice Questions:** [05]

(i) Maximum Deduction u/s. 80TTA for Interest Received on Savings Bank Account is available up to the extent of Rs. ____.

[A] 10,000 [B] 25,000 [C] 40,000 [D] 50,000

(ii) TDS Rate on annual cash withdrawal from all the accounts exceeding Rs. 1 Crore is ____%.

[A] 1 [B] 2 [C] 5 [D] 10

(iii) ABC Ltd. provided electric contract services of Rs. 5,00,000 to XYZ Ltd. The amount of TDS to be deducted by XYZ Ltd. u/s. 194C while payment will be Rs. ____.

[A] 5,000 [B] 10,000 [C] 25,000 [D] 50,000

(iv) Mr. X (aged 40) paid Rs. 30,000 towards his and Rs. 60,000 towards his parents' (aged 70) medical insurance premium. Calculate deduction allowable u/s 80D to Mr. X.

[A] Rs. 75,000 [B] Rs. 80,000 [C] Rs. 85,000 [D] Rs. 90,000

(v) Unabsorbed Depreciation can be carried forward for ____ years.

[A] 4 [B] 8 [C] 15 [D] None of the above

Q - 2 (a) Mr. Y acquired equity shares listed on stock exchange on 15.01.1998 for Rs. 90,000. Fair Market Value on 01.04.2001 was Rs. 2,60,000. He sold them on 15.04.2020 for Rs. 11,42,300. Sales were subjected to Securities Transaction Tax (STT). Calculate Capital Gain and Tax thereon in this transaction. [05]

INDEX: 100 (2001-02), 301 (2020-21).

Q - 2 (b) Mr. Ashok receives Rs. 2,05,000 as gratuity. He retires on 10th September, 2021 after rendering service for 35 years and 7 months. The last drawn salary was Rs. 2,700 per month. Calculate the amount of gratuity chargeable to tax assuming he is a - [05]

(i) Government Employee

(ii) Non-Government employee, covered by the Payment of Gratuity Act.

OR

Q - 2 (a) Mr. Z acquired a house with ground floor in 2005-06 for Rs. 4,68,000. He constructed first floor in 2007-08 and incurred expenditure of Rs. 1,51,575 for the same. He sold the entire house on 20.05.2020 for Rs. 40,00,000. Transfer Expense: 2%. He purchased new house for Rs. 10,00,000 on 25.10.2020. Calculate Capital Gain and Tax thereon in this transaction. **[05]**
INDEX: 117 (2005-06), 129 (2007-08), 301 (2020-21).

Q - 2 (b) Mr. Amit has retired from his job on 31/3/2021. From 1/4/2021, he was entitled to a pension of Rs. 3,000 p.m. On 1/8/2021, he got 80% of his pension commuted and received Rs. 1,20,000. Compute taxable pension if he is: **[05]**

(i) Government employee

(ii) Non-Government employee & not receiving gratuity

(iii) Non-Government employee & receiving gratuity.

Q - 3 (a) Mr. John is an Australian Citizen he visited India during last 11 years (inclusive of 2020-21) in the months of Oct, Nov & Dec. Determine his residential status for A.Y. 2021-22. **[05]**

Q - 3 (b) Mr. Ramesh (aged 70 years) earned gross total income of Rs. 12,00,000 during the previous year 2020-21. He has invested Rs. 50,000 in National Savings Certificate & has given donation of Rs. 50,000 in PM Cares Fund during the same previous year. Calculate his tax liability for A.Y. 2021-22. **[05]**

OR

Q - 3 (a) Mr. Mehta (Resident but Not Ordinary Resident) earns following incomes during the previous year 2020-21. Calculate his total taxable income in India for A.Y. 2021-22. **[05]**

(i) Interest of Rs. 60,000 received on G. K. Development Bonds (Foreign Bonds).
1/6th Interest received in India.

(ii) Income of Rs. 1,00,000 from agriculture in Myanmar, received there but later on remitted to India.

(iii) Income of Rs. 3,00,000 from property in London received in India.

(iv) Income of Rs. 50,000 earned from business in Japan controlled from Mumbai. 4/5th Income Received in India.

(v) Interest of Rs. 30,000 on FD with Indian Company but received outside India.

Q - 3 (b) Write a detailed note on Agriculture Income. **[05]**

Q - 4 **Short Note (Any ONE):** **[05]**

(i) Double Taxation Avoidance Agreement

(ii) Bonus Stripping
