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MBA
15MNG404G

4th Semester Regular Examination – 2016-17
BUSINESS TAXATION (BT)

BRANCH: MBA

Time: 3 Hours

Max Marks: 100

Q.CODE: Z761

Answer Question No.1 & 2 which are compulsory and any four from the rest.
The figures in the right hand margin indicate marks.

- Q1 Write short note of the following question. (2x10)**
- a) Who are Persons as per the provision of Income Tax act?
 - b) Who is regarded as Assessee as per the provisions of Income Tax act?
 - c) How Gross total income is to be calculated as per the provisions of Income tax act?
 - d) What is accrual of Income?
 - e) Define perquisites
 - f) At least give two examples, when property income is not charged to Tax?
 - g) What is the meaning of "Service" under Service Tax Act?
 - h) What is input tax credit ?
 - i) What is Taxpayer's Identification Number? What is Tax Liability on Inter State sales?
 - j) Enumerate at least two items which can be included under the head "Income from other sources"
- Q2 Fill in the blanks (2x10)**
- a) All persons have to pay income tax on the total income of the ----- year.
 - b) Interest on Fixed deposit coming under income from ----- .
 - c) Income from property held for charitable or religious purposes are ----- from income tax.
 - d) A sum equal to ----- of the annual value has to be deducted as standard deductions for computation of income from house property
 - e) For calculating income from self occupied house property maximum limit towards deduction towards interest on borrowed capital -----.
 - f) The combination of salary follows a combination of the accrual & ----- basis.
 - g) Sales Tax is tax on sale of ----- and excise duty is levied on the ----- goods .
 - h) ----- include any venture or concern in the nature of trade , commerce or manufacture, whether carried on with a motive to make profit or gain
 - i) Y Limited is trader of goods .It sold goods within the state for Rs.3120.00, inclusive of tax. ----- is the output tax liability of the company if the applicable rate for VAT is 4%.
 - j) A dry cleaner charged a customer , a gross amount of Rs.200, for providing dry cleaning services. Taking the service tax at the effective rate of 15% , The value of the taxable service will be-----.

Q3 X (Age : 24 years Resident) has occupied two houses for his residential purposes, particulars of which are follows . (15)

	House-1 Rs	House-2 Rs
Municipal Valuation	60000	30000
Fair Rent	85000	32000
Standard Rent Under Rent Control Act	65000	36000
Municipality Tax Paid	10%	10%
Fire Insurances	600	360
Interest on Borrowed Capital (Rs.9,44,000/- is borrowed @15% per annum On April.10 2015 , construction is completed on March 10.2016 and loan is yet to be paid)	1,41,600	Nil

Income of X from business is Rs.6,30,000/. Determine the Taxable income on the assumption that he contributes Rs.1,40,000/- towards the PPF .

Q4 How and when undisclosed income /Investment are taxed?\ (15)

Q5 Mrs. X (48 Years) is a deputy manager in a Mumbai based company. She gets Rs.54,000/- per month as salary . Besides, she gets child education allowance Rs.450 per month (For Daughter) Rs.80 per month (for son) . Cost of Education is approximately Rs.1,80,000 for the two children(Out of which Rs.1,36,000/- is tuition fees paid by Mrs. X. She also gets hostel expenditure allowances for her daughter at the rate of Rs.300 per month (But the daughter is a post graduate student in Mumbai college and does not stay any hostel) (15)

The employer company provides 1800 cc car for official and private purpose and incurs the entire expenditure on running maintenance of the car. Personal use of the car as log book is approximately 65 percent. With effect from November 1, 2015, she gets driver, to whom company pays Rs.6000 per month.

The employer has provided an unfurnished flat at Andheri. It is owned by the company, however, company pays Rs.900.00 per month as maintenance charges to the society. Her income from the other sources is Rs.3,08,000/- . Mrs. X contributes Rs.8000.00 per month towards recognized provident fund . Find out gross total income and net taxable income of Mrs. X for the assessment year 2016-17.

Q6 **Write short notes on the followings** (7 ½ x2)

- Computation income tax liability on Gratuity
- Perquisites

Q7 a) Y Ltd is engaged in providing services which became taxable with effect from July.2016. (7 ½)

Compute the service tax payable by Y Ltd. On the following amounts (exclusive of service tax) received for the month of March 2017

	Rs
Services performed before such service become taxable (Invoice issued on June-28, 2016)	5,00,000
Service by way renting of residential dwelling for use of residence	1,50,000
Free services render to the friends of directors	20,000
Advance received for service to be render in July.2017	5,00,000
Other taxable service receipts	12,00,000

Rate of service tax 15%

b)	Compute net VAT liability of Y from the following information	(7 ½)
	Raw materials from foreign markets(includes duty paid on imports @20%	1,20,000
	Cost of raw material from local market	2,50,000
	Add : Excise duty @ 12 %	30,000

		2,80,000
	Add : VAT @ 4 %	11,200

		2,91,200
	Raw material purchased from other state including CST@2%	51,000
	Storage and transportation cost	9,000
	Manufacturing Cost	30,000
	Y sold goods to Z and earned profit @ 12 % on the cost of production. VAT rate on sale of such goods is 4 % . There is no opening or closing stocks .	

Q8 Who is eligible to be treated as small scale industrial unit? What are benefits a person enjoys if he/it is a small scale industrial unit ? (15)