

14MBAFM409

Fourth Semester MBA Degree Examination, June/July 2019  
**Tax Management**

Time: 3 hrs.

Max. Marks:100

**SECTION - A**

*Note : Answer any FOUR questions from Q.No.1 to Q.No.7.*

- 1 When and individual will be Resident and Ordinary resident? (03 Marks)
- 2 Who is a specified employee? (03 Marks)
- 3 What do you understand by clubbing of income? (03 Marks)
- 4 What do you understand by indexed cost? (03 Marks)
- 5 What are the sales which are not governed by VAT Act? (03 Marks)
- 6 What is Corporate Dividend Tax? (03 Marks)
- 7 Write short notes on the following Under Income from house property:  
i) Expected rent  
ii) Unrealised tent (03 Marks)

**SECTION - B**

*Note : Answer any FOUR questions from Q.No.1 to Q.No.7.*

- 1 Differentiate Capital Receipts and Revenue Receipts. (07 Marks)
- 2 X, a foreign citizen (not being a person of Indian Origin), comes to India for the first time on May 2, 2010. From May 2, 2010 to March 31, 2017, he is present in India for 962 days (2010-11 = 190 days; 2011-12 = 300 days; 2012-13 = 90 days; 2013-14 = 10 days; 2014-15 = 200 days; 2015-16 = 72 days and 2016-17 = 100 days). Determine the residential status of X for the assessment year 2016-17. (07 Marks)
- 3 X an employee of LMN Ltd. receives Rs.93000 as gratuity under Payment of Gratuity Act, 1972. He retires on January 2, 2016 after rendering service of 20 years and 6 months. At the time of retirement his monthly salary was Rs.8000 (inclusive of dearness allowance of Rs.200 per month). Calculate amount of gratuity chargeable to tax. (07 Marks)
- 4 X purchases a house property on September 1, 1979 for Rs.42,00,000. Fair market value of the property on April 1, 1981 is Rs.40,50,000. He incurs the following expenses:  
i) Construction of a room on the ground floor during 1980-81 Rs.3,00,000.  
ii) Renewals/Reconstruction in 1993-94 Rs.6,00,000.  
The property is transferred on March 31, 2016 for Rs.4,85,00,000.  
Find out the amount long-term capital gain for the assessment year 2016-2017. (07 Marks)
- 5 Bring out any 7 deductions U/S 80. (07 Marks)

- 6 X (44 years) gets Rs.80,000 p.m. as salary and Rs.10,000 as DA. The employer company has provided 2 cars for official and personal use. These cars can also be used by the family members of X. The following information is available from the company's records:

Particulars	Car 1 (1800 CC)	Car 2 (1200 CC)
Running incurred by employer	Rs. 2,00,000	Rs. 1,80,000
Insurance paid by employer	Rs. 20,000	Rs. 12,000
Driver salary	Rs. 50,000	Rs. 72,000
Original cost of car	Rs. 12,00,000	Rs. 8,00,000
Written down value of cars	Rs. 3,50,000	Rs. 4,10,000
Total coverage	28,000 km	44,000 km
Coverage between office and residence	2,000 km	400 km
Coverage for other private use	10,000 km	18,000 km
Coverage for official purpose	16,000 km	25,600 km

Determine the perquisite value in respect of the cars provided to X.

(07 Marks)

- 7 The net profit of a partnership firm is Rs.45,000, after providing interest and salary to partners. The firm has a working partner who draws remuneration of Rs.1,00,000. He gets interest at 15% p.a., which amounts to Rs.75,000. Calculate the following:
- Book profit
  - Remuneration to partner
  - Tax liability

(07 Marks)

### SECTION - C

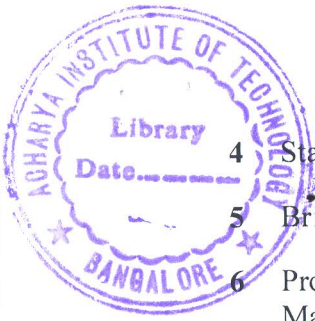
*Note : Answer any FOUR questions from Q.No.1 to Q.No.7.*

- 1 State the objectives and importance of Tax Planning. (10 Marks)
- 2 From the following calculate Income from Salary of Mr. Ram who is working in ABC International [P] Ltd., Chennai.
- |                             |                                           |
|-----------------------------|-------------------------------------------|
| Basic Salary                | Rs.50,000 p.m.                            |
| DA                          | Rs. 30,000 p.m.                           |
| Bonus                       | Rs.1,00,000                               |
| CCA                         | Rs.1500 p.m.                              |
| EA                          | Rs. 6,000 p.m.                            |
| Education Allowance         | Rs.8,000 p.m. (for his 2 children)        |
| Hostel Allowance            | Rs.10,000 p.m. (for his 2 children)       |
| Academic Research Allowance | Rs.25,000 (actual amount spent Rs.50,000) |
| HRA                         | Rs.20,000 (Rent paid Rs.12,000 p.m.)      |
- Conveyance Allowances for official purposes Rs.3,000 p.m. Assume DA as forming part of salary. (10 Marks)
- 3 Calculate total depreciation from the following information:

Assets	WDV as on 1/4/2015	Additions 2015-16 (Rs.)	Any Realized on assets Destroyed	Rate of Depreciation
Patent Rights	NIL	2,00,000 (December 2015)	NIL	25%
Technical Know-how	NIL	3,00,000 (Dec 2015)	NIL	25%
Aeroplane	20,00,000	NIL	NIL	40%
Car (Imported)	NIL	15,00,000	NIL	15%
Plant & Machinery	12,00,000	2,00,000	NIL	15%

(10 Marks)





4 State the Incomes that are taxed under income from other sources. (10 Marks)

5 Briefly discuss the set-off and carry forward losses. (10 Marks)

6 Profit and Loss Account of ABC & Co., (a firm of chartered accountants) for the year ending March 31, 2016 is follows:

Particulars	Rs.	Particulars	Rs.
Expenses	59,00,000	Receipt from clients and audit fees	60,00,000
Depreciation	2,95,000	Dividend from foreign companies	2,00,000
Remuneration to partners	2,08,000	Net loss	2,60,000
Interest to partners	57,000		
	64,60,000		64,60,000

Other information:

- i) Out of expenses of Rs.59,00,000, Rs.34,000 is not deductible by virtue of sections 36 and 37.
- ii) Depreciation as per section 32 is Rs.45000.
- iii) Interest to partners is fully deductible U/S 40(b).
- iv) The firm satisfies all conditions of Sections 184 and 40(b).

Find out the amount of net income of the firm for the assessment year 2016-17. (10 Marks)

7 Discuss the objectives and important provisions of Central Excise Act. (10 Marks)

**SECTION - D**

**CASE STUDY – [ Compulsory ]**

Calculate Income from Profession from the following Receipts and Payments given by Mr. Arun.

Receipt	Rs.	Payments	Rs.
To, Balance b/d	1,20,000	By, Car expenses	24,000
To, Fee from client		By, Office expenses	6,000
2015-16	25,000	By, Salary to staff	7,000
2016-17	30,000	By, Interest on loan	1,000
2017-18	32,000	By, Income tax	1,500
To, Presents from clients	20,000	By, Income tax penalty	600
To, Winning from Lottery	24,000	By, Wealth tax	250
		By, Purchase cost	5,000
		By, Balance c/d	2,05,650
	2,51,000		2,51,000

- i) Depreciation Rs.2500 is to be provided.
- ii) Consider Rs.1500 as opening stock and Rs.1000 as closing stock.
- iii) Car is 60% used for official purposes.
- iv) Income from other sources Rs.30,000.

(20 Marks)

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