

# END TERM EXAMINATION

FOURTH SEMESTER [BBA] MAY-JUNE 2012

Paper Code: BBA/BBA(TTM)212

Subject: Taxation Laws

Time : 3 Hours

Maximum Marks :75

Note: Attempt any five questions including Q.no.1 which is compulsory. All questions carry equal marks.

- Q1 Write, whether the following statements are true or false:-
- Dividend from Indian company is exempt from tax.
  - Agricultural income in India is exempt from tax.
  - 'Family pension' received by a widow of an employee is taxable under the head "salaries".
  - An Indian company can never be not-ordinarily resident in India.
  - Share of income received from Hindu undivided family is taxable in the hands of the member.
  - Share of profit received from a 'Partnership firm' by a partner is exempt from tax.
  - A senior citizen is one who has reached the age of 65 years on or before 31-3- of a previous year.
  - Previous year may not be of 12 months in the first year but assessment year is always of 12 months.
  - In the case of let out house in maximum interest on loan allowed as deduction is Rs.1,50,000.
  - Every assessee is a person but every person need not be an assessee.
  - A company registered in India is always 'resident' of India.
  - Any daily allowance received by an M.P. is exempt from tax.
  - Municipal taxes are deductible from Annual value of a property even if paid by a Tenant.
  - Speculation profits are taxable under the head "Income from business and profession".
  - Depreciation under section-32 is computed on "Block of Assets basis" and not on each asset separately.

- Q2 X is employed in the service of a limited company since 1-2-1983 in Mumbai. During the financial year ending 31-3-2011, x received from the company salary @ Rs.22,500 p.m., D.A. @ Rs.3,750p.m., city compensatory allowance @ Rs.5,000 p.m. entertainment allowance @ Rs.1,250p.m. and house rent allowance @ Rs.6,250p.m.. He resides in a rented house for which he pays a rent of Rs.7,500p.m.. He has been in receipt of entertainment allowance from the company since February 1983. He contributes Rs.2,500 p.m. to the recognised provident fund. The company also contributes equal amount. He retires from the company on 31-12-2010 when he was allowed a gratuity of Rs.2,25,000 and pension was fixed Rs.10,000p.m. on 01-02-2011. He got half of the pension commuted for Rs.3,75,000. He also received Rs.5,00,000 as the accumulated balance of the recognized provident fund. Compute his income under the head "salary" for the assessment year 2011-12.

- Q3 (a) How will you value the furnished rent-free house given to private sector employee by the employer if-
- (i) It is owned by employer.
  - (ii) It has been taken on rent by the employer.
- (b) When is a sale or purchase of goods said to take place in the course of inter-state trade or commerce?
- Q4 (a) Mention eight incomes taxable under the head "Income from other sources".
- (b) Write down the provisions with regard to clubbing of income of a minor child or spouse.
- Q5 Write notes on **any three** of the following:-
- (a) Persons liable to pay service tax.
  - (b) Rules for set-off and carry-forward of 'capital losses'.
  - (c) Donations to a political party.
  - (d) Deductions allowed from net annual value to arrive at income from house property.
  - (e) Certain expenses are allowed only on 'Paid' basis.
  - (f) Rules for deduction of tax at source from salary income.
- Q6 A purchased a piece of land on 04-01-1978 for Rs.50,000. He sold this land on 02-09-2010 for Rs.9,00,000. The market price of land on 01-04-1981 was Rs.1,20,000. Expenses on transfer were 2% of the sale price. Compute capital gain for the assessment year 2011-12. What would be your answer if 'A' purchased the land on 01-04-1981 for Rs.1,50,000. The cost of inflation index was for 1981-82:100, 1988-89:161, 2010-11:711.
- Q7 (a) When and how much advance tax is payable by a non-corporate assessee?
- (a) Explain section 80E/80G with regard to deduction of interest on loan taken for higher education/donation to certain funds.
- Q8 Distinguish between **any three** of the following:-
- (a) Direct tax and indirect tax
  - (b) Previous year and Assessment year
  - (c) Firm and Association of persons.
  - (d) Short-term capital gain and long term capital gain.