

41174

Seat No. _____

Third Year B. B. A. Examination

April / May – 2003

Taxation

Time : 3 Hours]

[Total Marks : 100

- Instructions :** (1) **All** the calculations–work sheet–should be a part of your answer.
(2) Clearly mention the number of the question you are attempting.
(3) Figures to the **right** indicate **full** marks of the question.

- 1** (a) Write short notes : (any **two**) **7**
(1) Person (with illustrations)
(2) Agriculture Income
(3) Previous year and Assessment year.
- (b) Answer the following questions : (any **two**) **7**
(1) *Mr. Birla* came to India for the first time on 11-11-1995. He stayed in India in earlier previous year as under :

<i>Previous year</i>	<i>Days</i>
1995-96	80
1996-97	70
1997-98	60
1998-99	200
1999-2000	130
2000-2001	–

During previous year 2001-2002 he was present in India from 1-4-2001 to 31-5-2001. From above information determine residential status of *Mr. Birla* for A. Y. 2002–2003.

- (2) *Mr. Tata* is an Indian Citizen and person of Indian origin. He left India for the first time on 30-8-2001 for taking employment to USA. Determine his residential status for A. Y. 2002-03.
- (3) *Mr. Ambani* provides the following information of his income for p.y. 2001-02. Calculate his gross total income if he is (1) Ordinary resident (2) Not-ordinary resident and (3) Non-resident.

Rs.

(1) Dividend on shares of Indian companies	10,000
(2) Agriculture income from land in Bangladesh	1,00,000
(3) Agriculture income from land in Gujarat	2,00,000
(4) Income from business in USA (managed from India)	80,000

- 2** *Shri Rohit* (a specified employee) is employed with a company at Ahmedabad since 1995. Particulars of his income for the year ended 31-3-2002 are as follows :

Rs.

(a) Basic Salary	10,000 p.m.
(b) Dearness allowance (part of salary for retirement benefits)	2,500 p.m.
(c) Children Education allowance of three children	3,600 p.m.
(d) Bonus	10,000
(e) Entertainment allowance	500 p.m.
(f) Employer's contribution to recognized p.f.	19,500
(g) Employee's contribution to recognized p.f.	20,000
(h) Interest credited to Recognised p.f. @ 11%	13,200

- (i) With effect from 01-10-2001 he is provided with a rent-free residential accommodation having fair rent value of Rs. 10,20,000/-p.a. The cost of furniture provided is Rs. 1,50,000/-. A sum of Rs. 750/- p.m. is deducted as rent from his salary towards this facility.
- (j) He is also provided with the facility of 1.5 ltr. motor-car with driver, which is used for personal and business purposes both. The company pays the running and maintenance expenses including driver's salary. A sum of Rs. 250/- p.m. is recovered from his salary for the use of the said car.
- (k) The employer has provided him with the services of the sweeper, watchman and cook each of whom is paid monthly salary of Rs. 400/- by the company.
- (l) During the year he has made following payments :

	Rs.
Life insurance premium for self	7,500
Deposit in public provident fund A/c	10,000
Professional tax	960
Income tax	6,000
Repayment of housing loan.....	25,000

Compute his Total income from Salary and Rebate u/s 88 of the *Income Tax Act, 1961* for assessment year 2002-03.

OR

2 *Mr. Shah* has purchased 1200 equity shares of *Tisco Ltd.* **14**
on 20-8-1979 for Rs. 100 per share.

On 1-1-1981 the company has declared 1 bonus share for every four equity shares held.

On 20-8-1986 the company offered one right share for every three shares held at Rs. 140 per share *Mr. Shah* applied and got all the shares.

On 1-4-1996 the company has declared one bonus share for every four equity shares held.

On 7-11-2001 the company offered on right share for every five equity share held at Rs. 400 per share. *Mr. Shah* applied and got all the shares.

Mr. Shah has sold all the shares of *Tisco Ltd.* on 31-1-2002 @ Rs. 500 per share and paid Rs. 3,000 as brokerage.

Market value of equity share of *Tisco Ltd.* as on 1-4-81 was Rs. 120 per share.

Compute taxable Capital Gain of *Mr. Shah* for A.Y. 2002-03 :

Relevant Index No. :

<i>Financial Year</i>	<i>Index</i>
1981-82	100
1986-87	140
1996-97	305
2001-2002	426

- 3 (a) *Yogesh* owns a building consisting of three identical units, the construction of which was completed on April 1, 2001. The building was occupied from April 1, 2001 on wards. The particulars pertaining to the three units for the year ended March 31, 2002 are given below :

<i>Particulars</i>	<i>Unit I Rs.</i>	<i>Unit II Rs.</i>	<i>Unit III Rs.</i>
Fair rent	70,000	70,000	70,000
Rent received	–	84,000	–
Municipal taxes			
- Paid by owner	4,500	6,000	4,500
- Due but not yet paid	4,500	6,000	4,500
Land revenue due but outstanding	1,000	1,000	1,000
Ground rent due, not yet paid	2,000	2,000	2,000
Insurance	1,250	1,250	1,250
Repairs	1,520	2,500	2,100
Nature of occupation	Self-occupied for residence	Let out for residence	Used for own business

On April 1, 2000, *Yogesh* had borrowed a sum of Rs. 4,00,000 bearing interest at 12 percent per annum for construction of this building. The total cost of construction of the building was Rs. 10,00,000.

Compute his income under the head "Income from House Property" for Assessment Year 2002-03.

- (b) Write notes on : **6**
- (1) Gross Annual Value
 - (2) Deductions allowed from Net Annual Value.

OR

- 3** *Dr. Lakum* provides his receipt and payment account for **14**
the year ended 31-3-2002 :

Receipt and Payment A/c

<i>Receipts</i>	<i>Rs.</i>	<i>Payments</i>	<i>Rs.</i>
To Balance b/d	20,000	By Purchase of medicine	28,000
To Operation theatre rent	1,00,000	By Hospital rent	2,10,000
To Hospital room rent	3,40,000	By Electricity exp.	17,000
To Sale of medicine	40,000	By Telephone exp.	23,000
To Consulting fees	85,000	By Surgical equipment	
To Interest	15,000	purchased (1-1-2002)	2,00,000
To Dividend	10,000	By House hold exp.	37,000
To Gift from patient	35,000	By Insurance Premium :	
To Sale of jewellery	55,000	– Hospital 10,000	
		– Residential Bungalow <u>5,000</u>	15,000
		By Staff salaries	1,10,000
		By Donation	20,000
		By Balance c/f	40,000
	7,00,000		7,00,000

Other information :

- (1) Written down value of surgical equipments as on 1-4-2001 is Rs. 80,000 and the rate of depreciation is 25%.
- (2) Donation is given to approved institution.

From the above information calculate taxable business income of *Dr. Lakum* for the A.Y. 2002-2003.

- 4 (a) Write short notes : (any **two**) 7
- (1) Set-off and Carry forward of losses
 - (2) Tax Deducted at Source (TDS)
 - (3) Any seven exempted income
 - (4) Permanent Account Number (PAN).

OR

- 4 (a) (1) *Dhirubhai* has furnished the following particulars 5
of his investments for the year ending 31st March,
2002 :

	Rs.
(i) 10% port Trust Bond	2,00,000
(ii) 12% preference shares of <i>Reliance Ltd.</i>	2,00,000
(iii) 10% Tax free debentures of <i>Reliance Infocom Ltd.</i>	1,99,000
(TDS 20.40%)	
(iv) 8% debentures of <i>Reliance Agro Ltd.</i>	3,00,000

On 30-11-2001 he has sold Rs. 1,00,000 debentures of *Reliance Agro Ltd.* and purchased 8% debentures of *Reliance Capital Ltd.* of Rs. 1,50,000. He had borrowed balance amount at 15% p.a. interest.

Interest on all above investment were paid on 30th June and 31st December.

Calculate his taxable income from other sources for A.Y. 2002-2003.

- (2) *Mr. Anil* has gross income of Rs. 2,54,000 which 2
includes winning from Horse-Race Rs. 3,500 and
winning from card games Rs. 1,500.

Find out his net income for A.Y. 2002-2003
taking into consideration the following payment :

Rs.

- (1) P.M. National Relief Fund 20,000
- (2) *Indira Gandhi* Memorial Fund..... 20,000
- (3) Approved Charitable Hospital..... 40,000

- (b) Write notes on : 7
- (1) Registration under *Gujarat Sales Tax Act*.
 - (2) Dealer under *Gujarat Sales Tax Act*.

OR

- (b) Answer briefly keeping in mind the provisions of *Gujarat Sales Tax Act* : 7
- (1) Sales Tax is the direct tax. Do you agree ?
 - (2) State the persons who are not considered dealer.
 - (3) Specify the eligibility criteria for obtaining licence.
 - (4) Specify the eligibility criteria for obtaining recognition.
 - (5) Specify the eligibility criteria for obtaining permit.
 - (6) Resale of goods purchased from other state is not taxable. Do you agree ?
 - (7) The transfer of right to use is taxed under the act. Give two illustrations.

- 5 (a) Write notes on : 7
- (1) Registration under *Excise Act*
 - (2) Manufacturer under *Excise Act*.

OR

- (a) Answer briefly keeping in mind the provisions of *Excise Act* : 7
- (1) Excise duty is collected at the stage of production. Do you agree ?

- (2) Excise duty is the direct tax. Do you agree ?
- (3) Give definition of factory.
- (4) Excise duty is levied by the Central Government.
Do you agree ?
- (5) What do you understand by the term Retail Selling Price ?
- (6) What do you understand by the term Sale and Purchase ?
- (7) Mention any two provisions Under Section 4a (MRP)

(b) Write notes on : 7

- (1) Anti Dumping Duty under Customs Tariffs of India
- (2) Countervailing Duty under Customs Tariffs of India.

OR

(b) Answer briefly (keeping in mind the provisions of *Customs Act*) 7

- (1) There can be Custom Duty on importation of articles only. Do you agree ?
- (2) Is protective duty levied on the permanent basis ?
- (3) When can safeguard duty be imposed by Central Government ?
- (4) Custom Duty is the direct tax. Do you agree ?
- (5) The rates of Customs Duty are prescribed by *Excise Act*. Do you agree ?
- (6) Who recommends the protective duty to Central Government ?
- (7) The anti duping duty can be levied for the maximum period of 36 months.