

5/12/17

(Evening)

[This question paper contains 5 printed pages.]

Your Roll No.....

Sr. No. of Question Paper : 8384

Unique Paper Code : 61015903

Name of the Paper : Tax Planning (G.E.)

Name of the Course : Bachelor of Management Studies
(BMS), 2017 (CBCS)

Semester : III

Duration : 3 Hours

Maximum Marks : 75

Instructions for Candidates

1. Write your Roll No. on the top immediately on receipt of this question paper.
2. Attempt any five questions.
3. All questions carry equal marks.
4. Use of non-scientific calculator is allowed.

1. Attempt the following questions: (10+5)

(a) Mr. X came to India for the first time on April 24, 2014 for 300 days. During the previous year 2015-16, he was in India only for 130 days. During the previous year

P.T.O.

2016-17, he was in India for 62 days. Determine the residential status for the assessment year 2017-18. Mr. X is a foreign citizen, he was born in Canada in 1988. His parents and grandparents were also born in Canada.

(b) What is Gross Total Income? Explain all its components.

2. Mr. A (45 years) is employed by a private sector company and gets Rs. 85,000 per month salary. The company has provided a car (1200 cc) which is used by Mr. A partly for official purposes and partly for private purposes. The company reimburses the entire expenditure which approximately comes to Rs. 90,000 (it includes Rs. 10,000 per month of driver with effect from January 25, 2017). Besides, he gets house rent allowance of Rs. 7,000 per month (rent paid by him for taking a house on rent is Rs. 7,500 per month). He has purchased from the company's showroom garments of MRP of Rs. 30,000 at a discount of 93% of MRP (as per service rules). Production cost of these garments is 45% of MRP. Mr. A has contributed a sum of Rs. 30,000 and Rs. 1,30,000 towards purchase of National Saving Certificates and public provident fund account during the financial year 2016-17. Find out net income and tax liability of Mr. A for the assessment year 2017-18 on the assumption that income of Mr. A from other sources is Rs. 1,90,000. (15)

3. Mr. A (age : 40 years) has occupied three houses for his

- (a) How income on estimated basis is computed in the case of a tax payer who is engaged in a business as per section 44 AD.
- (b) Explain capital gain arising from the transfer of residential house property (as per section 54) in brief.

(b) Elaborate the tax treatment of carry forward and set off of business loss.

5. Attempt the following questions: (10+5)

(a) Explain the concept of GST.

(b) What is E-filing?

6. Attempt the following questions: (10+5)

(a) X Ltd. is a widely-held company. It is currently considering a major expansion of its production facilities and the following alternatives are available:

	Alternative 1	Alternative 2	Alternative 3
	(Rs.)	(Rs.)	(Rs.)
Share Capital	5,00,00,000	2,00,00,000	1,00,00,000
Debentures (at 14%) ----		2,00,00,000	1,50,00,000
Loan (at 18%) ----		1,00,00,000	2,50,00,000

Expected rate of return (before tax) is 25%. Which alternative will be the preferred one?

(b) Differentiate between tax evasion and tax avoidance.

7. Attempt the following questions: (10+5)

residential purposes, particulars of which are as follows:

	House 1	House 2	House 3
	(Rs.)	(Rs.)	(Rs.)
Standard Rent under the Rent Control Act (SR)	15,000	20,000	-----
Municipal Valuation (MV)	10,000	30,000	30,000
Fair Rent (FR)	18,000	18,000	35,000
Municipal taxes paid	1,200	2,400	3,600
Repairs	Nil	Nil	200
Insurance Premium	1,200	1,300	600
Ground rent	1,800	7,000	400

Mr. A borrows Rs. 90,000 @ 20% per annum for construction of House 3 (date of borrowing: June 1, 2007, date of payment of loan: May 10, 2018). Construction of all the houses is completed in May 2014. Determine the taxable income and tax liability of Mr. A for the assessment year 2017-18 on the assumption that he contributes Rs. 1,05,800 towards recognised provident fund and his income from other sources is Rs. 9,80,000. (15)

4. Attempt the following questions: (8+7)

(a) Explain the tax treatment of Gratuity.