



Institute of Management
JK Lakshmipat University, Jaipur
MID TERM EXAMINATION II -2019

BBA (V sem.) Direct Tax Laws and Practice

Time: 1.5 Hours

Subject Code: AC 07

MM: 20Marks

Instructions: All questions are compulsory.

1. X submits the following particulars:

	Previous years	
	2018-19 Rs.	2019-20 Rs.
Business profit (Before depreciation)	4,00,000	9,30,000
Current Depreciation	6,00,000	8,90,000
Income from property (Computed)	86,000	10,000
Salary Received	15,00,000	22,00,000
Income from other sources	10,000	25,000
Contributed to Kisan Vikas patra	28,000	---
Contributed to Recognized PF	---	55,000

Determine the net income of X for the A.Y. 2019-20 and 2020-21.

(3 Marks)

2. Mrs. X (age: 63 years) submits the following information of her income relevant for the previous year ending March 31, 2019:

Business Income:

Profit from Business A (before charging dep.)

Rs. 3,50,000

Loss from Business B

Rs. 27000

A residential house property:

Municipal valuation: Rs. 5,00,000; Fair rent: Rs. 8,10,000; Standard rent : Rs. 13,00,000; Municipal taxes paid: Rs. 10,000; Repairs: Rs. 53,000; Interest on capital borrowed for purpose of construction of house property (amount borrowed: Rs. 3,00,000; rate of interest @ 10%, date of borrowing January 10, 2015; Date of repayment of loan November 12, 2018; date of completion of construction July 25, 2018).

The house is self occupied from April 1, 2018 to January 31, 2019. From February 1, 2019 it is let out on monthly rent of Rs. 10,000. During the previous year, Mrs. X got 45,00,000 Rs. per annum as salary from Kaint Pvt. Ltd. She contributes Rs. 40,000 towards Indira Vikas Patra and 60,000 in PPF. Depreciation charge for business A for the P.Y 2018-19 is Rs. 93,500.

Determine the taxable income and tax liability of Mrs. X for the A.Y. 2019-20. **(6 Marks)**

P.T.O.

3. During the previous Year 2018-19, X (52 years) a citizen of India, receives Rs. 12,00,000 as basic pay; Rs. 1,80,000 as dearness allowance (part of retirement benefits); Rs. 6,00,000 as Bonus; Rs. 1,86,000 as commission (not fixed); His employer contributes Rs. 1,82,000 towards Recognized provident fund. Interest credited on May 15, 2018 in the provident fund account at the rate of 11% comes to Rs. 2,20,000. Employee's own contribution to PF: Rs. 2,00,000. Compute the taxable amount of employer's contribution and excess interest, if any for the A.Y. 2019-20. **(3 Marks)**

4. Mrs. X (age, 58 years) a residential individual, is owner of a garment store at Mumbai and income is derived from different agencies of textile companies. She requests you to compute her total income and tax liability for the A.Y. 2019-20 on the basis of following P & L ac for the year ending March 31, 2019:

Purchases	Rs. 41,79,000	Sales	Rs. 76,81,000
Salaries & Wages	4,90,000	Closing Stock	5,00,000
Rent & rates	18,000	Interest on FD	8,00,000
Household expenses	50,000		
Commission	67,000		
Advertisement	14,000		
Postage & telegram	9,000		
Interest on own capital	55,000		
Reserve for future losses	10,000		
Depreciation (Furniture)	9,000		
Advance Tax for the A.Y. 2019-20	59,000		
Scientific Research expenditure	7,00,000		
Lump sum consideration for acquiring Know-How incurred on Feb. 10, 2019 (it is put to use on July 1, 2019). Dep. rate @ 25%	4,51,000		
Net profit	28,70,000		
	89,81,000		89,81,000

The following particulars are furnished:

- Closing stock of accounting year had consistently been valued at 20% below the cost price.
- The amount of household expenses include a contribution of Rs. 14,000 for PPF.
- Sales includes a sum of Rs. 20,000 representing goods withdrawn for the use of mrs. X family member.
- Scientific research expenditure does not includes contribution to a notified scientific research association of Rs. 20,000. This amount will be utilized by the association for conducting a scientific research
- Rs. 15,000 paid on January 3, 2019 on account of outstanding sales tax of the P.Y. 2018-19.
- A workers wages of Rs. 50,000 was ignored while computing amount of salaries & wages for the P.Y . 2018-19.

(8 Marks)