



JK LakshmiPat University, Jaipur

Institute of Management

END TERM EXAMINATION, APRIL 2015

MBA (FT) Semester IV

Course: Tax planning & Financial Reporting

MM: 50 Marks

Subject Code: MBA FM 04

Time: 3 Hours

Attempt any three questions from Section A. Each question carries 10 marks. Section B is Compulsory. All sub-parts of questions are equally marked. For answering the questions, AY2014-15 may be considered as reference.

SECTION A

- Q1. What are Direct and Indirect Taxes? Elaborate on their structure in India with examples of each type of tax.
- Q2. (i) Discuss the residential status of an income tax assessee.
(ii) Mr. Peter, a foreign citizen (not being a person of Indian origin), leaves India for the first time in the last 12 years on June 15, 2011. During the calendar year 2012, he comes to India on November 20 for a period of 46 days. During the calendar year 2013, he doesn't visit India at all but comes to India on January 30, 2014 at 10:30 pm. Determine his residential status for the assessment year 2014-15.
- Q3. Mr. Giridhar is employed with a NGO in Kota since 2010. During the previous year 2013-14, he received Rs.35,000 per month as salary and Rs.15,000 per month as dearness allowance (60 per cent is considered for retirement benefit) besides Rs.5,000 as supplementary allowance. The Employer annually contributes Rs.30,000 towards NPS and Giridhar puts in Rs.15,000 from his side. Income of Giridhar from other sources is Rs.75,000. He deposits Rs.20,000 each year into PPF and Rs.10,000 into a Pension Policy of LIC. Compute his Total Income and the Final Tax Liability.
- Q4. (i) Discuss provisions and computations under the head: Income from Capital Gains.
(ii) Shahrukh, a resident of Ajmer, receives Rs.1,92,000 per annum as basic salary during the previous year 2013-14. In addition, he gets Rs.19,200 per annum as the dearness allowance forming part of the basic salary for computation of all retirement benefits and 7 per cent as sales commission (sales made by Shahrukh during the relevant previous year is Rs.86,000). He receives Rs.24,000 per annum as house rent allowance and pays Rs.21,500 per annum as house rent. Determine the quantum of house rent allowance exempt from tax.
- Q5. Write short notes on any two of the following:
(a) TDS, TCS, Advance Tax and SAT
(b) MAT and VAT
(c) IFRS in India
(d) Tax Planning



(P.T.O.)

SECTION B

Q6. For the assessment year 2014-15, Mr. Sharma (aged 59 years) submits the following information: Income from business Rs.9,00,000

Particulars	House I (Rs.)	House I (Rs.)
Fair Rent	3,50,000	3,20,000
Municipal Valuation	3,60,000	3,50,000
Standard Rent under the Rent Control Act	3,00,000	5,00,000
Annual Rent	6,00,000	4,20,000
Unrealized Rent of the previous year 2013-14	10,000	80,000
Unrealized Rent of the previous year 2012-13	-	3,00,000
Vacant Period (number of months)	(2)	(4)
Loss on account of vacancy	1,00,000	1,40,000
Municipal Taxes paid	40,000	50,000
Repairs	5,000	7,000
Insurance	20,000	30,000
Land Revenue	25,000	40,000
Ground Rent	66,000	82,000
Interest on capital borrowed by mortgaging House I (funds are used for construction of House II)	1,40,000	-
Nature of occupation	Let out for Residence	Let out for Business

Determine the taxable income and tax liability of Mr. Sharma for the assessment year 2014-15 assuming that he deposits Rs.60,000 in the PPF.

• OR

Q6. Compute the written down value and depreciation allowance from the following information for the assessment year 2014-15:

Block of Assets	Rate of Depreciation (per cent)	Depreciated value on April 1, 2013 (Rs.)
1. Plant A, B and C	15	10,40,000
2. Plant D and E	40	2,60,000
3. Plant F	50	70,000
4. Building A, B, C and D	10	10,90,000
5. Building E, F and G	5	7,10,200
6. Building H, I, J and K	100	16,90,000

After April 1, 2013, the company purchases the following assets:

Assets	Date of Purchase	Rate of Depreciation (per cent)	Actual Cost (Rs.)
Plant G	April 6, 2013	50	6,000
Plant H	May 11, 2013	15	18,000
Furniture	June 6, 2013	10	56,000
Car	July 7, 2013	15	2,56,000
Building L	September 26, 2013	5	7,28,700
Computer	September 27, 2013	60	90,000
Copyright	September 30, 2013	25	17,50,000

The following assets are transferred:

Assets	Date of Sale	Sale Consideration (Rs.)
Plant B	December 20, 2013	25,10,900
Plant D	January 31, 2014	12,000
Building L	March 6, 2014	6,00,000

BEST OF LUCK !!!