

**2021**

**BUSINESS ADMINISTRATION — HONOURS**

**Paper : A404-GE-4**

**(Tax Planning)**

**Full Marks : 80**

*The figures in the margin indicate full marks.*

*Candidates are required to give their answers in their own words as far as practicable.*

Answer *any five* questions.

1. Write short notes (*any four*): 4×4
- (a) Capital Assets
  - (b) Assessee
  - (c) Regular Tax-payer as per Goods and Service Tax
  - (d) Book Profit
  - (e) Domestic Company
  - (f) Minimum Alternative Tax.
2. (a) State the **heads of income** under which the following incomes are to be assessed:
- (i) Family pension received by the widow on the death of her husband.
  - (ii) Salary received by a partner from the firm.
  - (iii) Fees received by a director for attending company board meeting.
  - (iv) Income received from T.V. game show.
  - (v) Interest on post office savings bank account.
  - (vi) Remuneration received from the college by a practising Chartered Accountant as a part-time lecturer in Income Tax.
  - (vii) Property let out to employees of assessee's business.
  - (viii) Income from sub-letting.
- (b) Mention four incomes which are fully exempted from tax.
- (c) Distinguish between 'Tax Evasion' and 'Tax Avoidance'. (1×8)+4+4

**Please Turn Over**

3. (a) Write short note on Residential Status and their incidence of tax.
- (b) Mr. Sudip came to India on 15th October, 2020 for a visit for 7 months. He is an Indian citizen. In the earlier years, he was in India as follows:

Year	Days
2019-20	240
2018-19	340
2017-18	15
2016-17	120

Find out the **residential status** of Mr. Sudip for the Assessment year 2021-22.

8+8

4. (a) Mr. Tarun retired from his job with effect from 01-09-2020. He had joined the service on 01-01-2003. He got an increment in his basic salary amounting Rs. 1,000 every year on 1st January. At the time of his retirement he was getting a basic salary of Rs. 20,000 per month. He was also entitled to dearness allowance @ 10% of basic salary (which forms part of salary for retirement benefits) and commission on turnover @ 1% of the total sales achieved by him. His turnover for the 12 months ending on 31-08-2020 was Rs. 20,00,000. He received a sum of Rs. 3,20,000 as gratuity on the date of his retirement. Compute the amount of **taxable gratuity** for the Assessment year 2021-22 assuming that the sales occurred evenly during the 12 months period.
- (b) Mr. Ajay of Allahabad is offered an employment by X Co. Ltd., Kolkata on basic salary of Rs. 12,500 per month and other details are given below:

Dearness Allowance (not forming part of salary for retirement benefits)	Rs. 3,200 per month
Car Allowance	Rs. 1,000 per month
Medical Allowance	Rs. 1,500 per month
Bonus	1 month's basic salary
Lunch Allowance	Rs. 300 per month

The Company gives an option to Mr. Ajay either to take a rent free accommodation in Kolkata of the fair rental value of Rs. 3,000 per month or to accept cash house rent allowance of Rs. 3,000 per month. Mr. Ajay accepted rent free accommodation in Kolkata. Do you think Mr. Ajay has made a wise choice from tax advantage point of view?

8+8

5. Mr. Suman Kanjilal is working with XYZ Ltd. for the previous year 2020-21, he furnished the following information:

Basic Salary	Rs. 36,000 per month
Dearness Allowance	@ 20% of basic salary
Entertainment Allowance	Rs. 500 per month

Medical Allowance	Rs. 2,500 per month
Employer's contribution to RPF	Rs. 30,000
Interest credited to said RPF	@ 14% p.a.
Facility of using motor car of less than 1600 CC capacity	—
Children Education Allowance for 2 children	Rs. 500 per month
Rent free furnished house in Kolkata for which employer pays rent of Rs. 6,000 per month	—
Cost of furniture provided in the house	Rs. 50,000
Children Hostel Allowance for 2 children	Rs. 1,000 per month

He paid professional tax Rs. 2,840 during the year. Compute **Income from salary** of Mr. Suman Kanjilal for the Assessment year 2021-22. 16

6. (a) Write notes on Procedure for assessment: E-filing of return.  
 (b) Briefly explain the concept of Goods and Services Tax (GST). 8+8
7. (a) From the following figures, **compute the income from House Property** for the Assessment year 2021-22:

Particulars	House-I [Let out for residence]	House-II [Self-Occupied]
Gross Municipal Value	Rs. 2,40,000	Rs. 3,60,000
Fair rent p.a.	Rs. 2,00,000	Rs. 3,20,000
Standard Rent p.a.	Rs. 2,20,000	N.A.
Repairs	Rs. 5,000	Rs. 6,700
Municipal Tax	10% (75% paid)	10% (50% paid)
Rent Received	Rs. 2,16,000	—
Vacancy period	3 months	—

**Other Information:**

- (i) Arrear rent of Rs. 45,000 has been received for House-I during the previous year. (not included in the rent received)
- (ii) Interest on House Loan for **House-II** is Rs. 75,000.
- (b) Mr. Kailash constructed a building on 31.03.2020 by taking loan of Rs. 2,00,000 from a bank. He let out the property from 01.04.2020 on a monthly rent of Rs. 6,000. Mr. Kailash paid Rs. 24,000 to bank as interest on loan up to the period to 31.03.2020. Find out the amount of interest to be deductible against the rental income for the Assessment year 2021-22. 12+4

8. (a) From the following figures, ascertain the depreciation admissible for the Assessment year 2021-22:

Particulars	Plant and Machinery	Motor Car
Rate of Depreciation	15%	15%
W.D.V. at the beginning of the year	Rs. 5,00,000	Rs. 1,50,000
Purchase during the year	Rs. 6,00,000	Rs. 75,000
Sales during the year	Rs. 70,000	Rs. 2,50,000

- (b) From the following information compute the taxable amount of **capital gains** for the previous year 2020-21:

Details	Shares	Land & Building
Date of acquisition	03.05.2018	21.07.2015
Date of sale	21.08.2020	02.09.2020
Cost of acquisition (Rs.)	80,000	3,50,000
Sale proceeds (Rs.)	92,000	6,75,000
Brokerage	2.5%	2%

Cost inflation index:

Financial year	Index
2020-21	301
2019-20	289
2018-19	280
2017-18	272
2016-17	264
2015-16	254
2014-15	240

9. (a) Dr. Chatterjee, a medical practitioner, furnishes his Receipts and Payments Account for the Previous Year 2020-21:

Receipts	(Rs.)	Payments	(Rs.)
Balance b/d	28,000	Membership fees of Medical Association	1,000
Examiner's fees	1,500	Household Expenses	15,000
Visiting Fees	80,000	Clinic Rent	13,000
Sale of Medicine	1,20,000	Purchase of Medical Books	10,000
Salary as a part-time lecturer	5,000	Staff salary	6,000
Interest on Post office Savings Bank Account	14,000	Purchase of Surgical Equipments	50,000
Interest of Government Securities	20,000	Gifts to wife	25,000
Consultation Fees	50,000	Medicine purchased	80,000
		Motor Car expenses	12,000
		Income Tax	20,000
		Electricity, Water etc.	6,500
		Motor Car purchased	60,000
		Balance c/d	20,000
	<b>3,18,500</b>		<b>3,18,500</b>

**Other Information:**

- (i) 1/3rd of the motor car relates to his personal use.  
(ii) Medicine costing Rs. 10,000 was taken for his son's treatment.  
(iii) Depreciation to be charged on surgical equipments is @ 15%, motor car @ 15%, Medical Books @ 100%.  
(iv) Rs. 1,000 for domestic servant's salary included in Staff Salary.

Compute **Profits and Gains of Business or Profession**.

- (b) From the given information **compute Total Income** of Mrs. Tripathi for the Assessment year 2021-22:

Income from Business A	Rs. 50,000
Income from Business B	Rs. 95,000
Income from House Property	Rs. 40,000
Income from Speculative Business	(Rs. 12,000)
Long term Capital Loss	(Rs. 25,000)
Short term Capital Gain	Rs. 10,000

10. (a) Kriti furnished the following information:

(i) Income from Profession	Rs. 2,50,000
(ii) Income from Other Sources	Rs. 50,000
(iii) Long term Capital Gain	Rs. 30,000
(iv) Donation to National Defence Fund	Rs. 20,000
(v) Donation to Rajib Gandhi Foundation	Rs. 5,000
(vi) Donation of 100 pieces of saris, each costing Rs. 500 to Bharat Sevashram Sangha (approved institution u/s 80G)	
(vii) Donation to Ramkrishna Mission (approved institution u/s 80G)	Rs. 40,000
(viii) Life Insurance premium paid on the life of his spouse and children	Rs. 20,000

Compute **allowable deduction u/s 80G**.

(b) Mr. Abhishek having age of 60 years furnished the following information. Compute total income and tax liability for the financial year 2020-21:

- Pension Rs. 18,000 per month
- Dividend from Maruti Ltd. Rs. 10,000
- Dividend from IBM, a foreign Company Rs. 40,000
- Long term capital gain on sale of gold Rs. 60,000
- Interest on Bank Deposit Rs. 35,000
- Winning from Lottery (net) Rs. 35,000 (TDS @30%)
- Business Income Rs. 2,70,000.

He has made the following investment in the previous year:

- (I) LIC premium paid on own life Rs. 20,000 (Policy Value Rs. 1,80,000)
- (II) Mediclaim premium paid for his family Rs. 18,000
- (II) Donation to recognised political party Rs. 20,000.