



Plot No. 2, Knowledge Park-III, Greater Noida (U.P.) – 201306

**POST GRADUATE DIPLOMA IN MANAGEMENT (2018-20)
END TERM EXAMINATION (TERM - IV)**

Subject Name: **Taxation For Managers**
Sub. Code: **PGF-05**

Time: **02.00 hrs**
Max Marks: **50**

Note:

- 1. Writing anything except Roll Number on question paper will be deemed as an act of indulging in unfair means and action shall be taken as per rules.**
- 2. All questions are compulsory in Section A, B & C. Section A carries 5 questions of 2 marks each, Section B carries 2 questions of 10 marks each and Section C carries 2 Case Studies of 10 marks each.**
- 3. Answer should be in proper format.**

SECTION - A

02×05 = 10 Marks

Q. 1 (A): Explain the incidence of tax liability.

Q. 1 (B): Discuss in brief Minimum Alternate Tax u/s 115JB.

Q. 1 (C): GST restructured one of the world's clumsiest Indirect Tax System", Comment?

Q. 1 (D): Mr. Raman, an owner of three houses, sells one of the residential houses in Madras for Rs. 8, 00,000 on May 18, 2018. This house was purchased by him on 1-4-2003 for Rs. 2, 50,000. On May 30, 2018, he purchased a flat in Delhi for Rs. 9, 00,000 for the purpose of the residence. On March 1, 2019, Mr. Raman sells the house in Delhi for Rs. 11, 50,000.

Compute the capital gain arising on the two transactions. Is Mr. Raman eligible for exemption u/s 54 in respect for the second sale?

Cost Inflation Index (C.I.I.) for the financial year 2003-04 and 2018-19 are 109 and 280.

Q. 1 (E): From the following particulars of gifts received by Mr. Umar, compute the taxable gifts chargeable under the head other sources for the previous year 2018-19:

a.) He received Rs. 20,000 as gift on 1 October, 2018.

b.) Gift of imported computer from a friend and the cost of the gift is Rs. 1, 00,000.

c.) He received a plot worth Rs. 5, 00,000 as a gift from his father-in-law (fair market value was Rs. 4, 00,000) on 25th May 2018.

d.) He purchased a house from Mr. Rakesh for Rs. 3, 50,000 on 1 December 2018 and the stamp duty value of the house was Rs. 4, 00,000.

SECTION - B

10×02 = 20 Marks

Q. 2: Explain the special provisions relating to tax on distributed profits of domestic companies.

Q. 3: From the particulars given below compute income from house property which consist of two independent units having 1/3rd and 2/3rd area:

Municipal Rental Value (MRV)	1,00,000
Fair Rental Value	96,000
Self occupied	1/3 rd portion
Let-out	2/3 rd portion from 1-4-2018 to 31-12-2018 @ Rs. 7,000 p.m.
Municipal Taxes	15% of MRV
Fire Insurance Premium	2,000
Interest on Loan	9,000
Repairs expenses met by tenant	5,000

SECTION - C

10×02 = 20 Marks

Q. 4: Case Study: Following is the P&L Account of Sumit Company, an Indian Company for the Assessment Year 2019-20. Calculate the tax liability for the Assessment Year 2019-20.

Particulars	Amount	Particulars	Amount
Salaries	1,95,000	Gross Profit	9,00,000
Advertisement (In cash)	24,000	Income from house property	25,000
General Expenses	16,000	Bad debts Recovered (allowed earlier)	12,000
Bad debts	1,500		
Drawings by proprietor	24,000		
Sales Tax (Due)	80,000		
Interest on proprietor's capital	10,000		
Income Tax	75,000		
Repairs	30,000		
Transfer to general reserve	70,000		
Bonus (due)	8,000		
Donations	5,000		
Losses of subsidiary co.	50,000		
Provisions of bad debts	6,000		
Depreciation	15,000		
To Net Profit	435,500		
	1,045,000		1,045,000

1. Advertisement expenses were spent on insertions in news papers.
2. Depreciation allowable on all assets is 14,400.
3. Bonus was paid to employees on 30-11-2018.

Q. 5: Case Study:

Mr. Rakesh is employed at Hyderabad at a basic salary of Rs. 40,000 p.m. and he is also getting following allowances:

	Rs.
Dearness Allowance	2,000 p.m.
Lunch Allowance	1,000 p.m.
City Compensatory Allowance	600 p.m.
HRA	5,000 p.m.
Education Allowance to three child	200 p.m.
Servant Allowance	1,000 p.m.
Cash Allowance	2,000 p.m.
Hostel Allowance to one child	500 p.m.
Overtime Allowance	2,000 p.m.

He is having a family house at the place of his posting but he is living in a rented house and is paying a rent of Rs. 7,000 p.m. Find out his gross salary.