

Internal Assessment Test-II

Sub:	Direct Taxation	Code:	18MBAFM303
Date:	15/10/2019	Duration:	90 mins
		Max Marks:	50
		Sem:	III
		Branch:	MBA

		Marks	OBE																																																													
			CO	RBT																																																												
Part A - Answer Any Two Full Questions (2* 20 = 40 marks)																																																																
1 (a)	Compare between medical allowance and medical facility	[03]	CO1	L5																																																												
(b)	Explain tax treatment of hotel accommodation provided by the employer	[07]	CO1	L2																																																												
(c)	<p>Mrs.X (28 years) is a deputy manager in Mumbai based company. She gets Rs.54,000 p.m. as salary. Besides, she gets children education allowance of Rs.450 p.m. (for daughter) and Rs.80 p.m. (for son). Cost of education is approximately Rs.80,000 for the two children (out of which Rs.36,000 is tuition fees paid by Mrs.X). She also gets hostel expenditure allowance for her daughter at the rate of Rs.300 p.m. (but the daughter is a post-graduate student in Mumbai college and does not stay in any hostel).</p> <p>The employer-company provides 1800 cc car for official and private purpose and incurs the entire expenditure on running and maintenance of the car. Personal use of the car as per log book is approximately 65%. With effect from November 1, 2018 she gets driver (to whom the company pays Rs.6,000 p.m.)</p> <p>The employer has provided an unfurnished flat at Andheri (East). It is owned by the company (however company pays Rs.900 p.m. as maintenance charges to the society). The company maintains unRPF and contributes 18% of salary towards it for each employee. Mrs. X, however, contributes Rs.8,000 p.m. Her income from other sources is Rs.2,08,000. Find out the taxable income for the A.Y.2019-20.</p>	[10]	CO2	L3																																																												
2 (a)	What is tax treatment of educational facility provided by the employer?	[03]	CO1	L1																																																												
(b)	Describe tax treatment of Rent free accommodation-furnished & unfurnished	[07]	CO1	L2																																																												
(c)	From the following P & L A/c of Mr.X (age: 31 years, resident) for the year ending March 31, 2019, ascertain his total income for the A.Y. 2019-20.	[10]	CO2	L3																																																												
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1. The amount of depreciation allowable is Rs.37,300 as per the income-																																																																

- tax Rules. It includes depreciation on permanent sign board.
2. Advertisement expenditure includes Rs.3,000, being cost of permanent sign board fixed on office premises.
 3. Income of Rs.4,500 accrued during the previous year is not recorded in P & L A/c
 4. Mr.X pays Rs.6,000 as premium on own life insurance policy of Rs.70,000
 5. General expenses include (a) Rs.500 given to Mrs. 'X' for arranging a party in honor of a friend who has recently come from Canada (b) Rs.1,000 being contribution to a political party.
 6. Loan was taken from Mrs.X for payment of arrears of income tax.

- 3 (a) What is tax treatment of contribution to superannuation fund
- (b) Explain and illustrate tax treatment of car perquisite
- (c) From the following information relating to financial year 2018-19, calculate taxable income and tax liability of Mr. Krishna who is working in a private company in Bengaluru.
Basic salary Rs.50,000 pm, DA Rs.30,000 pm, CCA Rs.1,500 pm, Entertainment allowance Rs.6,000 pm, Educational allowance Rs.8,000 pm (for his 2 children), Hostel allowance Rs.10,000 pm (for his 2 children), Academic research allowance Rs.25,000 (actual amount spent Rs.50,000), HRA Rs.20,000 pm (Rent paid Rs.12,000 pm), Conveyance allowance for official purpose Rs.3,000 p.m. and bonus Rs.1,00,000. Assume that DA forms a part of salary.

Part B - Compulsory (01*10=10 marks)

- 4 Mr. Sunil has furnished the following incomes for the financial year 2018-19.
Salary Rs.78,400, Bonus Rs.6,200, Entertainment allowance Rs.3,000, HRA Rs.7,000 (he stays in his own house), DA Rs.24,400 (forming part of salary), Educational allowance Rs.4,400 and hostel allowance Rs.6,000 for his three children, Travelling allowance Rs.4,900 (actual amount spent Rs.3,720) and washing allowance Rs.1,175 (actual amount spent Rs.795). Calculate income from salary of the assessee if i) he is a government employee and ii) he is a non-government employee.

[03]	CO1	L1
[07]	CO1	L4
[10]	CO3	L3
[10]	CO2	L3

Course Outcomes		PO1	PO2	PO3	PO4	PO5
CO1:	Understand the basics of taxation and process of computing residential status.	1a,b,c 2a,b,c 3a,b,c				
CO2:	Calculate taxable income under different heads				4	
CO3:	Understand deductions and calculation of tax liability of Individuals.					
CO4:	Know the corporate tax system.					

Cognitive level	KEYWORDS
L1	list, define, tell, describe, recite, recall, identify, show, label, tabulate, quote, name, who, when, where, etc.
L2	describe, explain, paraphrase, restate, associate, contrast, summarize, differentiate interpret, discuss
L3	calculate, predict, apply, solve, illustrate, use, demonstrate, determine, model, experiment, show, examine, modify
L4	classify, outline, break down, categorize, analyze, diagram, illustrate, infer, select
L5	grade, test, measure, defend, recommend, convince, select, judge, support, conclude, argue, justify, compare, summarize, evaluate
L6	design, formulate, build, invent, create, compose, generate, derive, modify, develop, integrate

PO1–Theoretical Knowledge; PO2–Effective Communication Skills; PO3–Leadership Qualities; PO4 –Sustained Research Orientation; PO5 –Self-Sustaining Entrepreneurship

CCI

HOD

Sub: **DIRECT TAXATION**

Date: 15/10/2019 Duration: 90mins Marks: 50 **Sem:** III

Code: 18MBAFM303

Branch: MBA

Note: Part A - Answer Any Two Full Questions (20*02=40 Marks)
Part B - Compulsory (01*10= 10marks)

Part	Question #	Description	Marks Distribution	Max Marks																																
A	1	a Medical allowance is fully taxable. Medical facility: provided by employer's hospital is fully exempted. Reimbursement of medical expenses exempted (govt hospital) and fully taxable (pvt hospital)	3	20 M																																
		b Taxable value of Hotel accommodation Least of the following is taxable a. 24% of salary paid/ payable for the period in excess of 15 days during which such accommodation is provided in the P.Y. b. Actual charges paid/ payable by the employer to such hotel etc.	7																																	
		c Computation of Taxable Income for the A.Y. 2019-20	8																																	
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	b	Taxable value of RFA: If leased house is given-15% of Salary or LR/Rent w.e.l. is taxable If own house is given-15%/10%/7.5% of Salary taxable		7																																																																																		
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HRA	1,92,000																																			
Conveyance allowance	-																																			
Bonus	1,00,000																																			
Gross Salary	15,48,400																																			
Less: Deduction u/s 16 (i)	-40,000																																			
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			<table border="1"> <thead> <tr> <th>Computation of Tax Liability</th> <th>Amount</th> </tr> </thead> <tbody> <tr> <td>Tax on Rs.15,08,894</td> <td></td> </tr> <tr> <td>5% of Rs.2,50,000</td> <td>12,500</td> </tr> <tr> <td>20% of Rs.5,00,000</td> <td>1,00,000</td> </tr> <tr> <td>30% of 5,08,400</td> <td><u>1,52,520</u></td> </tr> <tr> <td></td> <td>2,65,020</td> </tr> <tr> <td>Add: EC (4% of Rs.2,65,020)</td> <td><u>10,601</u></td> </tr> <tr> <td>Tax Liability</td> <td>2,75,621</td> </tr> <tr> <td>Tax Liability (After rounding-off)</td> <td>2,75,620</td> </tr> </tbody> </table> <p>HRA: Actual HRA received (20,000 x 12) = 2,40,000 40% of 9,60,000 (6,00,000 + 3,60,000) = 3,84,000 Rent paid – 10% of alary 1,44,000 (12,000 x 12) – 96,000 (10% x 9,60,000) = 48,000 48,000 exempted and (2,40,000 – 48,000) Educational allowance = 96,000 (8,000 x 12) – 2,400 (100 x 2 x 12) = 93,600 Hostel allowance = 1,20,000 (10,000 x 12) – 7,200 (300 x 2 x 12) = 1,12,800</p>	Computation of Tax Liability	Amount	Tax on Rs.15,08,894		5% of Rs.2,50,000	12,500	20% of Rs.5,00,000	1,00,000	30% of 5,08,400	<u>1,52,520</u>		2,65,020	Add: EC (4% of Rs.2,65,020)	<u>10,601</u>	Tax Liability	2,75,621	Tax Liability (After rounding-off)	2,75,620															
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B	4		<p align="center">Computation of Taxable Income for the A.Y.2019-20</p> <table border="1"> <thead> <tr> <th>Particulars</th> <th>Amount</th> </tr> </thead> <tbody> <tr> <td>IFS:</td> <td></td> </tr> <tr> <td>Basic salary</td> <td>78,400</td> </tr> <tr> <td>DA</td> <td>24,400</td> </tr> <tr> <td>Bonus</td> <td>6,200</td> </tr> <tr> <td>Entertainment allowance</td> <td>3,000</td> </tr> <tr> <td>HRA</td> <td>7,000</td> </tr> <tr> <td>Educational allowance (4,400 -1,200)</td> <td>3,200</td> </tr> <tr> <td>Hostel allowance (6,000 – 3,600)</td> <td>2,400</td> </tr> <tr> <td>Travelling allowance 4,900 – 3,720)</td> <td>1,180</td> </tr> <tr> <td>Washing allowance (1,175 – 795)</td> <td>380</td> </tr> <tr> <td>Gross Salary</td> <td>1,26,160</td> </tr> <tr> <td>Less: Deduction u/s 16 (i)</td> <td>-40,000</td> </tr> <tr> <td>Deduction u/s 16(ii)</td> <td>-3,000</td> </tr> <tr> <td>IFS</td> <td>83,160</td> </tr> </tbody> </table> <p>Working Notes: Deduction for EA u/s 16(ii): Least of the following deductible Amount of E.A. received = Rs.3,000 Ceiling limit Rs.5,000 20% of Rs.78,400 = Rs.15,680 If the assessee is non-government employee, deduction u/s 16(ii) cannot be claimed and hence, taxable income from salary will be Rs.86,160 Travelling/transfer allowance exempted upto the amount actually spent.</p>	Particulars	Amount	IFS:		Basic salary	78,400	DA	24,400	Bonus	6,200	Entertainment allowance	3,000	HRA	7,000	Educational allowance (4,400 -1,200)	3,200	Hostel allowance (6,000 – 3,600)	2,400	Travelling allowance 4,900 – 3,720)	1,180	Washing allowance (1,175 – 795)	380	Gross Salary	1,26,160	Less: Deduction u/s 16 (i)	-40,000	Deduction u/s 16(ii)	-3,000	IFS	83,160	8	10	10 M
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