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 **PRESIDENCY UNIVERSITY**

  **Bengaluru**

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| **End - Term Examinations – MAY 2025** |
| **Date:** 22-05-2025 **Time:** 01:00 pm – 04:00 pm |

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| **School:** SOM-PG | **Program:** MBA |
| **Course Code:** MBA3102 | **Course Name:** Taxation |
| **Semester**: IV | **Max Marks**: 100 | **Weightage**: 50% |

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| **CO - Levels** | **CO1** | **CO2** | **CO3** | **CO4** | **CO5** |
| **Marks** | **31** | **16** | **34** | **19** | **NA** |

**Instructions:**

1. *Read all questions carefully and answer accordingly.*
2. *Do not write anything on the question paper other than roll number.*

**Part A**

|  |
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| **Answer ALL the Questions. Each question carries 3marks 10Q x 3M=30M**  |
| **1.** | Filing an Income Tax Return (ITR) is essential for nation-building and offers several benefits. Discuss numerous benefits of filing ITR. | **3 Marks** | **L1** | **CO2** |
| **2.** | Explain the difference between original and belated income tax returns**.** | **3 Marks** | **L1** | **CO2** |
| **3.** | What is the Anti-Profiteering measure under GST? | **3 Marks** | **L2** | **CO4** |
| **4.** | Distinguish between Supply of Goods and Supply of Services under GST. | **3 Marks** | **L2** | **CO4** |
| **5.** | What is gross total income and how it is different from Taxable income? | **3 Marks** | **L2** | **CO1** |
| **6.** | Describe any two types of income tax assessments.  | **3 Marks** | **L1** | **CO3** |
| **7.** | MAT is a tax imposed on companies. Why was it introduced? | **3 Marks** | **L1** | **CO3** |
| **8.** | DDT is a tax paid by the company that declares the dividend. How is Dividend distribution tax calculated? | **3 Marks** | **L1** | **CO3** |
| **9.** | A company fails to deduct TDS under GST on a payment to a supplier. What will be the consequences? | **3 Marks** | **L2** | **CO4** |
| **10.** | "Mr. Anand was living in a rented house, paying a rent of ₹40,000 per month. Since he had a travelling job, he began to feel that paying such a high rent was wasteful. He asked a friend to share the apartment and charged him ₹25,000 for it. Under which head of income is this excess amount received by Mr. Anand taxable?" | **3 Marks** | **L2** | **CO1** |

 **Part B**

 **Answer the Questions. Total Marks 40M**

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| 11. | a. | Mr. Anil forgets to report a small investment income in his original return and realizes this 2 months later. What should he do, and what type of return will it be? | 10 Marks | L3 | CO2 |
| Or |
| 12. | **a.** | A taxpayer has not filed a return by the due date and now wishes to file it. Identify the type of return he must file and explain the consequences he may face. | **10 Marks** | **L3** | **CO2** |

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| 13. | a. | Explain the concept of Reverse Charge Mechanism (RCM) under GST. | 10 Marks | L3 | CO4 |
| Or |
| 14. | **a.** | A business did not reduce the price of a product after a GST rate cut from 18% to 12%. Which GST mechanism addresses this issue and what could be the consequence? | **10 Marks** | **L3** | **CO4** |

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| 15. | a. | Ms. Sheila is submitting her income status. Compute her Total income for the A.Y. 24-25 if her residential status is R & OR & NR: i) Profit from a hotel business in Singapore controlled from Bombay Rs. 2,00,000ii) Income from transfer of long-term capital asset in India Rs. 1,10,000iii) Royalty received in Germany for a business carried in Gujarat. Rs. 70,000iv) Profit from sale of building in Bangalore three fourth of the amount received in Nepal Rs. 6,00,000v) Interest on England development bonds (1/5th received in India) Rs. 1,00,000.vi) Interest on Post office saving bank a/c Rs. 1,000. | 10 Marks | L3 | CO1 |
| Or |
| 16. | **a.** | Mr. Rajiv Mehta, a 50-year-old resident individual, had received family pension after the death of his father amounted Rs. 96,000. He won from a lottery: ₹1,00,000 (Net amount received after TDS) and Agricultural income from his farm land in Nepal ₹1,50,000. Since he does a lots of investment, he had received interest income form saving bank account Rs. 18,000; fixed deposit Rs. 55,000 and dividend income Rs. 28,000 from a domestic company. On the occasion of his 50th birthday he had received Rs. 75,000 from a friend and Rs. 30,000 from his maternal uncle. Compute his income from other sources for the P.Y. 2023-24. | **10 Marks** | **L3** | **CO1** |

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| 17. | a. | Xavier Ltd. is a domestic company. The following data is available for five consecutive assessment years:

|  |  |  |
| --- | --- | --- |
| **Assessment Year** | **Book Profit (Rs.)** | **Normal Income (Rs.)** |
| AY 2021–22 | 80,00,000 | 40,00,000 |
| AY 2022–23 | 1,00,00,000 | 85,00,000 |
| AY 2023–24 | 1,20,00,000 | 1,25,00,000 |
| AY 2024–25 | 95,00,000 | 60,00,000 |
| AY 2025–26 | 1,10,00,000 | 80,00,000 |

For each Assessment Year, calculate:* Tax under normal provisions (ignore surcharge & cess)
* Tax under MAT (ignore surcharge & cess)
* MAT credit for the year (if any)
* MAT credit utilized (if any)
* Tax payable after MAT credit adjustment
* MAT credit carried forward
 | 10 Marks | L3 | CO3 |
| Or |
| 18. | **a.** | While reviewing the accounts of M/s Star Traders, several inadmissible business expenses were identified. These included personal travel to Dubai with family, and the income tax paid by the proprietor. Further, the purchase of raw materials paid in cash Rs. 50,000 per day was noted. A provision for doubtful debts was also recorded and penalty paid to the pollution control board for non-compliance, as well as donations made to a local charity, were found in the profit & loss account. Additionally, salary paid to Mr. Mehta’s wife, who is not actively involved in the business and Interest paid on a loan taken for son’s education abroad was deducted as a business expense.As a Tax consultant, give reasons for the inadmissibility of the expenses mentioned above.  | **10 Marks** | **L3** | **CO3** |

**Part C**

**Answer all the Questions. Each question carries 15marks 2Q x 15M=30M**

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| 19. | a. | ABC Ltd. provides the following details of its Book Profits and Normal Profits for 4 consecutive financial years:

|  |  |  |
| --- | --- | --- |
| **Year** | **Book Profit (₹ in lakhs)** | **Normal Profit (as per IT Act) (₹ in lakhs)** |
| 2021-22 | 150 | 90 |
| 2022-23 | 180 | 130 |
| 2023-24 | 200 | 210 |
| 2024-25 | 170 | 140 |

* MAT is applicable @15% on Book Profit
* Normal tax rate is 25%

Calculate the MAT liability, Normal Tax liability, MAT credit available, MAT credit carried forward and actual tax payable for each year. (ignore surcharge & cess) | 20 Marks | L4 | CO3 |

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| 20. | a. | Mr. Sharma, an individual aged 60 years, has the following incomes for the Financial Year 2024-25: - Income from Salary: ₹5,20,000 - Rent from House Property: ₹1,50,000 - Profits Business: ₹3,80,000 - Income from lottery (gross) Rs. 21,000; Rent from commercial complex Rs. 50,000 & Rs. 2,000 received as bank interest. Mr. Sharma has been investing in mutual funds Rs.1,00,00 annually and he also deposits Rs. 50,000 in his PPF account & pay Rs. 30,000 for The Sukanya Samriddhi Yojana. He has deposited Rs. 60,000 in NPS and donated Rs. 20,000 in the temple near his house.Compute Mr. Sharma’s Total Income and tax liability under the Old Tax Regime.  | 20 Marks | L4 | CO1 |