

MBA 2 Sem-3 & 5 Examination

Finance

CT & EF

January-2025

Time : 2-30 Hours]

[Max. Marks : 70

Q.1 (A) Mr. Jaiswal is earning Rs 8 lacs from his business of Electronics goods, Rs 2 lacs from FD interest income and Rs 6 lacs from Agriculture income. Calculate the tax liability of Mr. Jaiswal. (7)

OR

Q.1 (A) Mr. Rohit, an Indian citizen left India for the first time on 21-9-2023 for employment in Germany. During the previous year 2024-25 he comes to India on 5-5-2024 for 150 days. Determine the residential status of Mr. Rohit for the assessment year 2024-25 and 2025-26? (7)

Q.1 (B) —From the following particulars of income furnished by X pertaining to the year ending March 31,2025, compute the total income for the assessment year 2025-26, if he is

(a) resident and ordinarily resident; (b) resident but not ordinarily resident and (c) non-resident—

- Profit on sale of shares in an Indian company (received in Germany) Rs 150,000
- Dividend from a Japanese company (received in Japan) Rs.100,000
- Income from house property (computed) in London deposited in a bank in London, later on remitted to India through approved banking channels Rs 652,500
- Dividend from an Indian company Rs 60,000
- Agricultural income from agricultural land in Gujarat Rs 250,000

(7)

Q.2 (A) From the following Profit & Loss Account of Mr Krunal Shah (Age : 44 Years) ; for the year ending on 31st March 2025, ascertain his total income for A.Y. 2025-26

Profit & Loss Account for the year ending on 31st March 2025

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Particulars	Amount (Rs)	Particulars	Amount (Rs)
Purchases	4,70,00,000	Sales	5,57,00,000
Bad Debts	8,60,000	Commission	8,84,000
Advance Income Tax	2,40,000	Interest on Debentures	2,17,000
Depreciation	11,52,000	Interest on Fixed Deposits	10,79,000
Advertisement Expenses	21,48,000	Long Term Capital Gain on sale of MCX shares	21,20,000

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Salary to Proprietor	14,40,000	Gift received from Shriraj (USA)	11,00,000
Interest on Capital	5,68,000		
Accounting Fees	1,40,000		
Business Expenses	4,52,000		
Legal Expenses including audit fees	5,40,000		
Insurance	5,40,000		
Salary to Staff	34,20,000		
Net Profit	30,00,000		
Total	<u>6,11,00,000</u>	Total	<u>6,11,00,000</u>

Additional Information :-

- 1 Depreciation allowable under section 32 of the Income Tax Act is Rs 14,37,000.
- 2 Business Income of Rs 25,000 accrued during the financial year is not recorded in the books of accounts.
- 3 Insurance includes Rs 115,000 premium paid by Mr. Krunal towards his life insurance policy .
- 4 General Expenses includes :
 - A) Rs 35,000 given to wife for arranging birth day party of wife.
 - B) Rs 30,000 given to a political party as a contribution
- 5 Advertisement Expenses include Rs 42,000 being cost of mobile (cost per mobile Rs 7,000) presented to the customers.
6. Entire Business Expenses are paid in cash. (14)

OR

Question 2 (A) K Ltd has purchased three machineries on 1 st April 2023 at Rs 20 lakh each ; which are in the same block i.e. "A", "B", "C". Depreciation rate is 15% for all machineries. K Ltd sells one of the machineries i.e. machinery "A" on 15 th August 2024 @ Rs 18,00,000 and simultaneously purchased a new machinery

"D" @ Rs 25 lakh. Calculate the depreciation for the P.Y 2024-25 ; value of the block as on 31 st march 2025 and capital gain if any. (7)

Q.2 (B) Write a note on conditions to be fulfilled under section 32 to claim depreciation. (7)

Q.3 (A) Write a note on DTAA. (7)

Q.3 (B) Explain types of capital assets and capital gain with example. (7)

OR

Q.3 (B) Write a note on TDS under section 192 of The Income Tax Act on Salary with example. (7)

Q.4 (A) Write a note explaining the terms Tax Planning, Tax management, Tax Avoidance and Tax evasion. (7)

Q.4 (B) Write a note on tax incentives available to salaried employees to optimize CTC structure for an employee having CTC of Rs 15 lacs per annum comparing old regime and new regime. (7)

Q.5 (A) Mr. Shubham is planning to start a business of manufacturing of textile products. The project requires investment of Rs 5 Crore out of which he can finance only up to Rs 2 Crore. Remaining fund he needs to borrow from bank or other investors. Suggest him with which business structure he should commence the business by differentiating proprietorship, partnership and company structure in light of tax planning. (7)

Q.5 (B) Vijay Infrastructure Limited is currently considering a major expansion of its production facilities having following two alternatives:

	Alternative 1	Alternative 2
Equity Share Capital	Rs 5 Cr	Rs 2 Cr
14 % Non convertible Debentures	Nil	Rs 2 Cr
15 % loan from Bank	Nil	Rs 2 Cr

Earnings before interest and tax is Rs 2 Cr.

The tax rate including surcharge and Cess is 32.445 %

Calculate the Rate of Return on Equity share capital under both the alternatives and which maximizes the return of equity shareholders. (7)

OR

Q.5 (B) ABC Limited needs a component in an assembly operation. It is contemplating the proposal to either make or buy with the aforesaid component.

(i) If the company decides to make the product itself, then it would need to buy a machine for Rs 8 lakh which would be used for 5 years. Manufacturing costs in each of the five years would be Rs 12 lakh, Rs 14 lakh, Rs 16 lakh, Rs 20 lakh and Rs 25 lakh respectively. The relevant depreciation rate is 15%. The machine will be sold for Rs 1 lakh at the beginning of the sixth year.

(ii) If the company decides to buy the component from a supplier the component would cost Rs 18 lakh, Rs 20 lakh, Rs 22 lakh, Rs 28 lakh and Rs 34 lakh respectively in each of the five year. The relevant discounting rate and tax rates are 14% and 33.2175% respectively. Additional depreciation not to be considered. (7)

