

MMS-II  
Legal & Tax Aspects of Business.

19-04-2010

Roll No. \_\_\_\_\_ **LTAB02**  
Max. Marks : 60 (Section I & II)

Total No. of  
Printed Pages : 04  
Total  
Duration : 3 Hrs.

SECTION-I

- All questions carry equal marks.

\* Section I & II to be solved on SEPARATE Answer Book.

Q 1] Explain the concept of "unfair trade practice"

Q 2] Explain the concept of "Privity of Contract".

Q 3] Write short note on

- 1) CIF and FOB contract
- 2) Auction sale
- 3) Fixing the price of the goods.

Q 4] State the provisions relating to "Special rules of Evidence" as per N.I. Act.

Q 5] Discuss the case Salomon VS Salomon and company.

**Section I: Indirect Tax – (10 marks)**

**QI: Define: (Attempt any 2)**

- I. Sale Price under Central Sales Tax Act, 1956
- II. Dealer under Maharashtra Value Added Tax Act, 2002
- III. Factory under Central Excise Act, 1944
- IV. Business under Maharashtra Value Added Tax Act, 2002

**Section II: Direct Tax – (20 marks)**

**QII: (Attempt Any 2)**

- (i) The Profit & Loss Account of M/s. BRV Associates for the year ended 31.03.2010 is as given below

	Rs.		Rs.
To Rates and Taxes	4000	By Gross Profit	185000
To Admin Expenses	16000	By Gift from Father	5000
To Rent (25% residence)	8000	By Income Tax Refund (interest Rs.1000)	10000
To Personal Expenses	15000		
To Advt & Publicity	2000		
To Income Tax	5000		
To Stationery	10000		
To Insurance	1000		
To Staff Welfare	3000		
To Donations	10000		
To Purchase of	25000		

Machinery			
To Repairs	4000		
To Interest on Loan	15000		
To Life Insurance Premium	5000		
To Bad Debts	5000		
To Net Profit	72000		
	200000		200000

- I. Machinery was purchased on October 01, 2009 and the rate of depreciation is 10%
- II. Interest on bank loan was unpaid

You are required to compute the taxable income of M/s. BRV Associates for the FY 2009-10

(10 marks)

(ii)(a) Sania Mirza provides the following income details for FY 2009-10 based on which you are required to compute her taxable income

- Basic Salary per month from Indian Tennis Association Rs.500000
- Dearness Allowance Rs.200000
- House Rent Allowance Rs.100000
- Conveyance Rs.50000, actual expenses Rs.10000
- Allowance for Foreign tours Rs.100000, actual expenses Rs.50000
- Entertainment allowance Rs.25000, actual expenses Rs.50000

(5 marks)

(b) Mr. Charles, a citizen of USA retired as CEO of Citibank, India on March 01, 2010 where he was in service since April

01, 1990. He received a gratuity of Rs.800000 at the time of retirement. His salary for the FY 2009-10 is as given below:

Basic Rs.50000 up to Sept 30<sup>th</sup> and Rs.75000 from Oct 01<sup>st</sup>

Dearness Allowance Rs.20000 up to Sept 30<sup>th</sup> and Rs.30000 from Oct 01<sup>st</sup>

Special Allowance Rs.10000 up to Sept 30<sup>th</sup> and Rs.20000 from Oct 01<sup>st</sup>

His terms of employment provided for gratuity to be calculated at half months gross salary for each completed year of service.

You are required to compute gratuity exempt u/s 10(10) and the taxable gratuity

(5 marks)

(iii) (a) Prof. Gokhale made the following investments during the FY 2009-10

- Public Provident Fund Rs.100000
- Preference Shares Rs.150000 on which the Company pays dividend @ 12% per annum
- 8% RBI Bonds Rs.50000 acquired on April 01, 2008
- Units of UTI acquired for Rs.100000 on April 01, 2008 on which income @ 8% was to be paid annually as per scheme reinvestment option
- Donation to Approved Trust Rs.10000.
- Mediciam premium Rs.10000, period of policy to commence from April 01, 2010

(5 marks)

(b) Please write a brief note on Gratuity and Commuted Pension with exemption calculation criteria u/s 10

(5 marks)

*Exxon*

*40*