

MMS - II Sem.  
**LTAB02**

20/4/2011

Legal & Tax Aspects of Business.

Roll No.

Total No. of Printed Pages: 1+3

Total No. of Questions - 5+4

SECTION - I

Marks : : 30+30  
Time : 3Hrs.

All questions carry equal marks. (Any Three)

- Q.1 State advantages of doing business in the form of a company.
- Q.2 Define promissory note Bill of Exchange and cheque and state essentials of a valid Negotiable Instrument.
- Q.3 State how and when property in the goods passes to the buyer.
- Q.4 Define contract and state essentials of a valid contract.
- Q.5 Explain 'unfair trade practice' under consumer protection Act.

Roll No.

Total No. Of Printed Pages : 3

Total No. of Questions 4

Maximum Marks:

Duration

Section : II

Note : Section II is to be written on a Separate Answer Book

Section : II

Q 1 . Answer Any Two from (a) (b) and (c)

a) Jayant &amp; Co. Is a dealer .Find out from which day he will be liable for registration under MVAT ACT

(5 marks)

Date	Purchases within state		Sales	
	Taxable (Rs)	Tax Free(Rs)	Taxable (Rs)	Tax Free(Rs)
02/05/09	500	43500	500	41000
12/05/09	1000	54500	500	63000
20/05/09	2000	26500	1500	10000
31/05/09	2500	24000	2000	26000
04/06/09	3000	25000	4000	128000
18/06/09	3500	52000	1000	65000
25/06/09	4500	72000	2500	75000
28/06/09	6000	25000	4500	126000
30/06/09	4500	80000	6000	92000

b) Define Inter State Sale As per Central Sales Tax Act.

(5 marks)

c) Write Any Five CENVAT Credit Rules

(5 marks)

Answer any Two Questions from Q 2 to Q 4

Q 2

a) Mr Abhishek is employed with ABC LTD.as a finance officer.The particulars of his salary for the period 1 April 2009 To 31 March 2010

(5 marks)

Are as under

Basic Salary

From 1/4/2009 To 30/09/2009

Rs. 20000 pm

From 1/10/2009 To 31/03/2010

Rs.25000 pm

He is entitled to dearness allowance of 40 % of the basic salary

Entertainment allowance has been received by him at Rs.2000 pm

Amount spent on entertainment by him Rs.1200 pm

Perquisite value of the car provided to him Rs. 15000 PA

Free Gas and Electricity provided to him by the company Valued at Rs.5000 PA

Bonus received Rs.20000 during the year

Profession Tax deducted from his salary Rs. 200 pm

Calculate income of Mr Abhishek under the head " Salaries"

b) Determine the residential status of Mr. Sudhakar of Assessment Year 2010-11 from the following information

(5 marks)

He was serving in New York for last 20 years

He returned to India on 1 st January 2008 after leaving the job for permanent settlement in India

Q 3

a) Mr Ramesh Purchased a Resi. Flat for Rs. 15,00,000 in the financial year 2005-06. On 15 th October 2009 (Financial year 2009-10) he sold the same flat for Rs. 28,00,000. He spent Rs. 50,000 as expenses related to the transfer Find out Capital Gain taxable in the hands of Mr. Ramesh for the A.Y. 2010-11 (Cost Inflation Index = FY 2005-06 = 497 , FY 2009-10 = 632)

(5 marks)

b) Mr. Kiran furnishes you the following information for the year ended on 31/03/10

(5 marks)

Profit and loss A/c For the year ended on 31/03/2010

	Rs.		Rs.
To Salaries	72000	By Gross Profit	210000
To Rent	10000	By Interest on Bank Deposits	8000
To Depreciation	6000	By Gift From Father	11000
To Motor Car Expenses	12000	By Interest on Saving A/c	4000
To Donation	5000		
To Printing & Stationery	2500		
To Travelling Expenses	14000		
To Advertisement	8000		
To Labour Welfare	3000		
To Business Promotion	13000		
To Net Profit for the year	87500		
	233000		233000

Other information

- 1) Half of the rent is related to Mr Kiran 's Residential Flat
- 2) Labour welfare includes Rs300 for personal purpose of Mr Kiran
- 3) Advertisement includes Rs.5000 for advertisement in political Party's souvenir
- 4) 20% of the moter car expenses are for personal purpose of Mr Kiran

Based on the above information find out income of Mr kiran under the head "Profits and Gains from Business or Profession"

Q 4

a) Define 'Person' as per Income Tax Act.

(5 marks)



b) Mr.Sanjay is a owner of a house which he has given on rent basis (5 marks)  
The fair rent of the property is Rs.10000 pm however actual rent charged by him  
is Rs.14000 pm.During the year 2009-10 he paid municipal tax Rs.25000  
and his tanent paid Rs.8000 as Municipal Taxes.Mr.Sanjay spent Rs.13000  
on repairs of the property and Rs.2000 for cleaning. During the year 2009-10  
he paid Rs.12000 as interest on loan taken for purchase of the property  
you are required to find out income of Mr.Sanjay under the 'Income from  
House Property