

MMS II

Roll No. _____

Total No. of Printed Pages: 04

Total No. of Questions: $5 + 4 = 9$

Maximum Marks: $30 + 30 = 60$

Duration (hrs.): 3 Legal & Tax Aspects of Business.

Section I (30 marks)

18/4/12

Legal Tax Aspects
of Business

LTAB02

Note: All questions carry equal marks. Solve any Three.

Section I and II to be solved on SEPARATE
Answer Books.

- Q.1 State grounds for lifting the corporate veil, as per co's Act 1956.
- Q.2 State provisions relating to bouncing of a cheque as per N. I. Act.
- Q.3 Define unpaid seller, and state various rights of unpaid seller against the goods.
- Q.4 Explain "No consideration No contract"
- Q.5 Explain any ten unfair trade practices practiced by sellers or manufacturers.

Section : II (30 marks)

Note :

- 1) Section II is to be written on a separate Answer Book
- 2) Q.1 is Compulsory, attempt ANY TWO Questions from the remaining Questions
- 3) All Working should form part of your answer.

Q.1 Answer ANY TWO From (a) , (b) and (c)

(a) Define and Explain "Assessment Year" and "Previous Year" as per Income Tax Act. (5 marks)

(b) From the following details of purchases and sales of SRK enterprises ,you are required to find out in which month it is liable for registration under MVAT Act. (5 marks)

Month	Details of Purchases				Details of Sales	
	within state		outside state		within state	
	Taxable	Tax Free	Taxable	Tax Free	Taxable	Tax Free
Oct.2011	4000	4000	1000	3000	0	2000
Nov.2011	20000	8000	0	1000	1000	3000
Dec.2011	8000	10000	0	1000	55000	3000
Jan.2012	66000	11000	0	1000	30000	4000
Feb.2012	74000	0	1000	0	86000	8000
Mar.2012	10000	1200	1000	4000	74000	12000

(c) Explain use of various "Forms" specified in Central Sales Tax Act. (5 marks)

Q.2

(a) From the following incomes earned by Mr.Anupam during the financial year 2010-11,determine his total income if he is (i) Resident and Ordinarily Resident,(ii) Resident but not Ordinarily Resident

(iii)Non Resident (5 marks)

	Details of Incomes	Amt.Rs
1	Pension for services rendered in India.	15000
2	Income from property situated in Japan received there.	20000
3	Income earned in India but received in France.	40000
4	Interest on bank Account in India.	10000
5	Income from business in Canada being controlled from India.	20000

(b) Mr.Santosh is a proprietor of M/S SD & CO.His profit and Loss A/c for the year ended on 31/03/2011 is given below you are required to find out his income under the head "Profits and Gains from Business and Profession",after considering the additional informations.

Dr.	Amt.Rs.	Cr.	Amt.Rs.
To Opening Stock	48000	By Sales	722000
To Purchases	280000	By Closing Stock	53000
To Salaries and Wages	156000	By Dividend Received	6500
To Office Expenses	36200	By Gift from mother	21000
To Travelling Expenses	23500		
To Advertisement	15500		
To income Tax paid	6800		
To Interest on Bank loan	16200		
To Depreciation	18000		
To Service Tax paid	7900		
To Telephone Expenses	15100		
To insurance premia	11400		
To Net Profit	167900		
	802500		802500

Additional informations

- 1 Office Expenses includes Rs.5700/- paid for personal purpose of Mr.Santosh.
- 2 Depreciation as per Income Tax Rules is Rs.22000.
- 3 Advertisement Expenses includes Rs.8100/- on Advertisement in a souvenir published by a political party
- 4 Half of the Telephone expenses are for the personal purpose of Mr.Santosh.
- 5 Insurance premia is fully related to Residential flat of Mr.Santosh.
- 6 Half of Interest on Bank loan related to Residential flat of Mr.Santosh. (5 marks)

Q.3

(a) Mr.Nitin is working in SMK Pvt.Ltd. He has provided following details of his salary income for the year 2010-2011.
 Monthly Salary Rs.35000/- pm , Dearness allowance Rs.10000/-pm
 House Rent allowance Rs.3500/- pm(Amount exempted Rs.1000/-pm)
 Appreciation Bonus Rs.10000/- for the year.
 Education allowance Rs.1000/- pm(Amount exempted Rs.800/-pm)
 During the year he has spent Rs.600/- on books.
 Rs.2500/- Profession Tax is paid by him during the year.
 He received Rs.12600/- as travelling allowance for the year ,out of which he spent Rs.9200/- for official duty
 Find out his income Taxable under the head "Salaries" For Assessment 2011-12. (5 marks)

(b) M/s DMK Enterprises , a partnership firm ,was dissolved on 06/11/2010. On the dissolution the firm distributed it's capital assets to partners.

Mr.Adinath , was a partner of the firm and received one capital asset at an agreed value of Rs.360000/- , the Fair market value on the date of dissolution was Rs.400000/-.

The assets was purchased by the firm in the year 2002-2003 for Rs.120000/- and spent Rs.40000/- in the year 2006-07 on improvement of the asset which is of a capital nature.

You are required to find out capital gain taxable in the hands of a firm for the assessment year 2011-12. (5 marks)

Cost inflation index 2002-03= 447, 2006-07=519
2010-2011= 711

Q.4

(a) Explain in brief any Five CENVAT Credit Rules. (5 marks)

(b) Mr.Inamdar is a owner of two Residential houses one is at Dadar and another is at Mulund.He has not let out any house on rent. Details of his both the houses are as under.

Dadar house :

Municipal rateable value Rs.180000 for the year

Municipal taxes of the house fully paid Rs.26000

Interest on loan borrowed for purchase of the house Rs.13000 for the year

He has paid Rs.12000/- for the year as maintenance charges to housing society.

Mulund House :

Municipal rateable value Rs.210000/- for the year

Municipal Taxes for the year Rs.28000/- , out of which

Rs.8000/- was not paid by Mr.Inamdar

He has paid Rs.16500/- for the year on repairing and cleaning of the house

The house was purchased by him by borrowing of the funds from bank. He has paid interest Rs.15400/- for the year on borrowed funds.

You are required to find out his income under the head " Income From House Property." (5 marks)