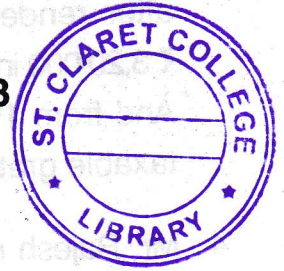




SM – 553

42
VI Semester B.B.M. Examination, May/June 2018
(Semester Scheme)
(Repeaters) (2014 – 15 & Onwards)
BUSINESS MANAGEMENT
Income Tax



Time : 3 Hours

Max. Marks : 100

Instruction : Answers should be written in **English** only.

SECTION – A

1. Answer **any eight** sub-questions. **Each** sub-question carries **2** marks. **(8×2=16)**
- Define the term Income.
 - What is meant by direct tax ?
 - Who is a deemed assessee ?
 - List any four deductions U/S 80 C.
 - Expand CBDT.
 - What are the different heads of Income ?
 - What is long term capital asset ?
 - Who is an assessee in default ?
 - State any two taxable allowances.
 - What are capital expenses ? Give example.

SECTION – B

Answer **any three** questions. **Each** question carries **eight** marks. **(3×8=24)**

2. Miss Kavitha who was born and brought up in India. Went for further studies to Australia on 1st March 2015 and came back to India on 1st October 2016 early in the morning. What is her residential status for the Assessment Year 2017-18 ?

P.T.O.



3. Mr. Singh works as a manager of a company. He retires on 30th June 2016 after rendering 38 years of continuous service. He received a gratuity of ₹ 3,20,000 in August 2016. His salary was ₹ 8,000 per month for the year 2015 – 16. And from 1st April 2016 onwards he has received ₹ 8,600 p.m. Compute his taxable gratuity for the Assessment Year 2017 – 18.
4. Mr. Rajesh resides in Chennai during the P.Y. 2016-17. He gets 12,000 rupees per annum as basic salary. He gets 20% DA on basic salary (enter in to retirement benefits). He also received a commission of ₹ 15,000 (calculated at 2% on turnover achieved by him). He received HRA of Rs. 11,800 p.a. But rent paid in Rs. 14,800 p.a. Calculate taxable HRA for the A.Y 2017 – 18.
5. From the following, compute annual value of House Property for the A.Y. 2017 – 18.
- | | |
|----------------------|--------|
| Municipal value | 30,000 |
| Fair rental value | 36,000 |
| Standard Rent | 30,000 |
| Actual rent received | 32,000 |
- Municipal tax paid by the owner at 20% on Municipal value. Fire insurance Paid 2,000 rupees.

SECTION – C

Answer Question No. 10 and 3 from the **remaining** questions. **Each** question carries **15** marks.

(4×15=60)

6. Rekha furnishes the following details of her income for the previous year 2016 – 17.
- Income from agriculture in Kerala received in Mumbai Rs. 20,000.
 - Profit from sale of land in India received in Pakistan Rs. 25,000.
 - Income accrued in Bengaluru but received in Singapore Rs. 16,000.
 - Income from self grown grass Rs. 10,000 in Doddaballapura.



- e) Profit from business in Sri Lanka deposited in a bank there, the business is controlled from India Rs. 15,000.
- f) Profit from business in Nepal received in India Rs. 5,000.
- g) Profit from business in England received there Rs. 10,000.
- h) Agricultural Income in India Rs. 12,000.
- i) Income from House property situated in U.K. Rs. 10,000.
- j) Profit from Delhi business Rs. 12,000.

Compute gross total income of Ms. Rekha for the Assessment Year 2017-18 if she is

- 1) Resident
- 2) Not ordinarily Resident
- 3) Non resident.

7. Mr. Praveen owns 2 houses in Bengaluru. Compute his income from House Property for the Assessment Year 2017 – 18.

Particulars	House I	House II
Standard Rent	38,000	—
Municipal value	40,000	1,30,000
Actual Rent	4,000 p.m.	12,000 p.m.
Fair Rental value	36,000	1,20,000
Municipal Tax	10% of Municipal Value	10% of Municipal value
Repairs	4,000	2,000
Ground Rent	—	4,000



Interest on loan	10,000	18,000
Vacancy period	3 months	—
Unrealised rent for the year	—	36,000

8. Miss Radha who is working in ABC Co. gives the following particulars

- Basic Salary ₹ 16,000 p.m.
- DA ₹ 1,000 p.m. (60% enters into retirement benefits).
- HRA ₹ 5,000 p.m. (Rent paid in Bengaluru is ₹ 7,000).
- Conveyance allowance ₹ 800 p.m. (₹ 600 used for official purpose)
- CCA ₹ 150 p.m.
- Motor car of 1600 CC with driver provided used partly for official and personal purpose.
- Payment of her LIC premium by the Company Rs. 8,000.
- Children education allowance of ₹ 200 p.m. each for 2 children.
- She contributes 14% of her salary to RPF and the company makes equal contribution. Interest credited to RPF is ₹ 6,875 @ 12.5%.

Compute her income from salary for Assessment Year 2017 – 18.

9. Mr. Manjunath is a leading advocate, who maintains books of accounts on cash basis. He furnished the following Receipts and Payments Account for the year ended 31st March 2017.

Receipts	Rs.	Payments	Rs.
To Balance b/d	25,600	By Staff salary	28,600
To Consultation fees	75,400	By Office rent	12,000
To Special Commission	60,000	By Purchase of Professional body	15,000

To Presents from Clients	25,000	By Furniture purchased	30,000
To Loan from Bank	1,30,000	By Car expenses	18,000
To Remuneration from articles published	45,000	By Computer purchased	60,000
To Share of Income from HUF	20,000	By Repayment of loan	28,500
		By Interest on loan	18,600
To Arbitration fees	46,500	By House hold expenses	25,000
To Income from betting	60,000	By Medical Insurance Premium paid by cheque	15,000
		By Purchase of Car	2,00,000
		By Balance c/d	36,800
	4,87,500		4,87,500

Additional information :

- Loan is borrowed for professional purpose.
 - Depreciation allowable as per Income Tax rules as follows :
 - Professional books at 100% p.a.
 - Furniture @ 10% p.a.
 - Car at 15% p.a.
 - Computer @ 60% p.a.
 - Out of the car expenses ₹ 4,500 relates to use of car for personal purpose.
- Compute his professional income for the Assessment Year 2017 – 18.



10. From the following Profit and Loss A/c of Mr. Perumal for the year ending 31st March 2014. Ascertain his business income for the A. Y. 2017 – 18.

Particulars	Amount	Particulars	Amount
	Dr.		Cr.
To Office salaries	30,000	By Gross profit b/d	1,58,000
To Proprietor's salaries	5,000	By Income on sale of an asset (short term)	20,000
To Interest on Capital	2,000	By Bad debt recovered (not allowed earlier)	5,000
To General expenses	5,000	By Interest on Govt. Securities	4,000
To Bad debts	2,000	By Dividend from Agricultural Companies	2,000
To Advertisement	4,500	By Interest on Post Office Cash Certificates	2,000
To Fire insurance Premium	2,000		
To Depreciation	4,000		
To Sales Tax due	10,000		
To Income Tax on last assessment	4,000		
To Advance Income Tax paid	2,000		



To Payment to Punjab University	1,000	
To Legal expenses for defending breach of trading contract	1,000	
To Motor Car expenses	500	
To Net Profit	1,18,000	
	1,91,000	1,91,000

Additional information :

- General expenses include Rs. 4,000 paid as compensation to an old employee whose services were terminated in the interest of the business and Rs. 200 by way of help to a poor University student.
- Depreciation is found to be in excess of Rs. 1,800.
- Motor car expenses include Rs. 250 relating to Private use of car.
- Payment to Punjab University is in respect of expenditure incurred by the assessee on approved scientific research related to the business of assessee.