



US – 568

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VI Semester B.B.M. Examination, May 2017
(Repeaters) (2014-15 and Onwards)
BUSINESS MANAGEMENT
Income Tax



Time : 3 Hours

Max. Marks : 100

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

SECTION – A

1. Answer **any eight** sub-questions. **Each** sub-question carries **2** marks. **(8×2=16)**

- a) Define the term person.
- b) Expand 'CBDT' and 'CIT'.
- c) Write the two basic conditions of Residential status.
- d) List any four deductions U/s 80C.
- e) Who is a specified employee ?
- f) What is gross total income and why is it computed ?
- g) What are the deductions allowed U/s 24 of the I.T. Act ?
- h) State whether the following are admissible deductions or not ?
 - i) Donations to a religious institutions.
 - ii) Penalty paid for violation of customs regulations.
- i) What is long term capital asset ?
- j) What is zero coupon bond ?

P.T.O.



SECTION – B

Answer **any three** questions. **Each** question carries **eight** marks.

(3×8=24)

2. Sri. Ramesh was born and brought up in India went for further studies to U.S.A. on 1st March 2014 and came back to India on 1st October 2015. What is his residential status for the assessment year 2016-17 ?
3. Mr. Bhaskar received Rs. 2,40,000 on his retirement on 30th September, 2015 as gratuity from his employer with whom he has served for 29 years and 7 months. Compute the taxable amount of gratuity if he is working in a commercial office at Bangalore which is not covered under payment of Gratuity Act, 1972. If his salary during the calender year 2014 was Rs. 8,000 p.m. During the year 2015 the salary was Rs. 9,600 p.m. He had worked earlier with a limited company for 6 years and received Rs. 92,000 as gratuity which was fully exempted under Section 10(10).
4. Ms. Bhoomika resides in Kolkata, during the P.Y 2015-16. She gets Rs. 12,000 p.a. as basic salary. She gets DA at 20% of basic salary (enters for all retirement benefit). She has also received a commission of Rs. 15,000. (calculated at 2% on turnover achieved by her). H.R.A. received by her is Rs. 11,800 p.a., but rent paid is Rs. 14,800 p.a. Calculate the taxable H.R.A. for the AY 2016-17.

5. From the following, compute the annual value of house property :

Municipal value	3,00,000
Fair rental value	3,60,000
Standard rent	3,20,000
Actual Rent	40,000 p.m.

Municipal tax paid by the owner at 20% of municipal value.

Unrealised rent Rs. 80,000, the conditions of rule 4 are satisfied.



SECTION – C

Answer question No. **10** and **any 3** of the remaining questions. **Each** question carries **15** marks. **(4×15=60)**

6. Following are the particulars of incomes of Mr. Naresh for the previous year 2015-16 :

- a) Profit from business in England, received in India Rs. 12,000.
- b) Income from house property in Pakistan received there and brought to India Rs. 20,000.
- c) Profit from business in Iran received in India Rs. 5,000.
- d) Income from house property in Bangladesh deposited in a bank there Rs. 4,000.
- e) Profit from business in Indonesia deposited in a bank there the business is controlled from India Rs. 15,000.
- f) Profit from software business in Bangalore controlled from U.S.A. Rs. 15,000
- g) Income accrued in Chennai but received in Singapore Rs. 16,000.
- h) Past untaxed foreign income brought to India during the previous year Rs. 20,000
- i) Income from agriculture in Punjab received in Mumbai Rs. 25,000.
- j) Profit from sale of building in India received in Sri Lanka Rs. 15,000.

Compute Gross total income of Mr. Naresh for the assessment year 2016-17 if he is

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



7. Mrs. Sahana is an officer in a multinational company having its head office at Hong Kong. She looks after the Bangalore branch of the company. She gives you the following particulars :

- a) Basic pay Rs. 12,500 p.m.
- b) DA 30% of basic pay which enters retirement benefit.
- c) Children hostel allowance Rs. 500 p.m. per child for 2 children.
- d) Tax on employment paid by her Rs. 250 p.m.
- e) Services of sweeper, watchman and a cook were provided by the employer on a monthly salary of Rs. 750, Rs. 950 and Rs. 1,050 respectively.
- f) The company provides her a large car. A driver is also provided. All the expenses, including salary of driver were met by the employer. The car is used for both official and personal purpose.
- g) The company during the year requisitioned her for a refresher course, in Hong Kong and cost of travel, stay expenses amounting to Rs. 56,500 were met by the company.
- h) She is provided with rent free furnished accommodation. Fair rental value of the accommodation is Rs. 10,000 p.m. Rental charges paid by the company for the use of furniture amounts to Rs. 9,800 p.a.

She contributes 14% of her salary to RPF maintained by the company, the employers makes a matching contribution.

The interest credited to RPF account during the year is Rs. 6,875 @ 12.5% p.a. Compute her income from salary for the Assessment Year 2016-17.

8. Mr. Ramachandran owns 2 houses at Chennai. Compute his income from house property for Assessment Year 2016-17.

Particulars	House I	House II
Fair rental value	36,000	1,20,000
Municipal value	40,000	1,30,000
Standard rent	38,000	—



Actual rent	4,000 p.m.	12,000 p.m.
Municipal tax	10% of MV + 2% of municipal tax as cess	10% of M.V. + 2% of municipal tax as cess
Actual repairs	4,000	12,000
Ground rent	2,000	2,500
Collection charges	500	1,200
Interest on loan	12,000	48,000
Vacancy period	3 months	—
Unrealised rent for the year	—	36,000

Construction of 2nd house started on 1-09-2011 and he borrowed Rs. 4,00,000 at 12% on 1-7-2012 for construction of house. It was completed on 30th November, 2014 and since then it is let out.

9. Following is the Profit and Loss A/c of Mr. Ajay, a jewellery merchant for the year ending 31st March 2016 :

To Rent	60,000	By Gross profit b/d	5,23,000
To Rates	6,000	By Interest from Debtors	28,000
To Salary to staff	54,000	By Rent from house property	34,000
To Diwali expenses	2,000	By Sundry business income	16,000
To Interest on loans	1,25,000	By Commission received	27,000
To Sundry expenses	55,000		
To Bad debts	6,000		



To Charity	1,000	
To Reserve for doubtful debts	2,000	
To Entertainment expenses	8,500	
To less by theft	14,000	
To Net profit	2,94,500	
	6,28,000	6,28,000

- Rent paid includes Rs. 12,000 relating to shop belonging to assessee himself.
- Salary to staff includes Rs. 24,000 given to his son who casually helps in the business.
- Loan of Rs. 60,000 @ 15% p.a. is taken from his wife out of funds advanced by him and interest is included in interest on loans.
- Sundry expenses include Rs. 9,000 incurred on a pilgrimage to Haridwar.
- Rates include land revenue on house properly let out Rs. 4,000/-
- The earned Rs. 40,000 in Gold smuggling not shown in books.

Compute taxable income from business of Mr. Ajay for the AY 2016 and 17.

10. Smt. Jyothi, a doctor keeps her books on cash basis for the year ended 31st March 2016. Her Cash A/c is as under.

To Balance c/d	2,700	By Cost of medicines	20,000
To Bank loan	6,000	By Surgical equipment	6,000
To Sale of medicines	30,500	By Motor car	12,000
To Consultation fees	10,000	By Car expenses	1,800
To Visiting fees	8,000	By Salary	1,200
To Interest on investments	9,000	By Rent of dispensary	1,200
To Rent from property	7,200	By General expenses	600



To Sale of building	15,000	By Personal expenses	3,600
To Sale of furniture	5,000	By Life Insurance premium	2,000
		By Interest on bank loan	360
		By Property insurance	400
		By Fixed deposit in bank	30,000
		By Closing balance	14,240
	93,400		93,400

Keeping in view the following additional information compute her income from profession for the previous year 2015-16.

- $\frac{1}{3}$ rd car expenses are for personal use.
 - WDV of furniture was Rs. 4,000 on 1st April 2015. There are no other assets in these blocks.
 - Rate of depreciation on car and surgical equipment is 15% p.a.
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