

Vidya Vikas Mandal's
Shree Damodar College of Commerce & Economics, Margao-Goa
SY B.Com, Semester IV, Supplementary Examination June 2023
Income Tax

Duration: 2 Hours

Max Marks: 80

- Instructions:** 1) Question No. 1 is compulsory
2) Answer any three questions from the remaining questions
3) Figures to the right indicate maximum marks
4) Working notes should form part of the main answer

- 1 A. Compute the quantum of deduction under Section 80C available for Mr. Piyush for the Assessment Year 2022-23

5 marks

Particulars	Amount
Life Insurance Premium paid	28,000.00
Investment in NSC	1,20,000.00
Tuition Fees of daughter pursuing MBA from Goa University	45,000.00
Contribution to Public Provident Fund	60,000.00

- B. Mr. Patrick, an Australian citizen came to India for the first time on 5th April 2017. His stay in India during the last five years was as follows:

5 marks

P.Y. 2017-18: 110 Days

P.Y. 2018-19: 320 Days

P.Y. 2019-20: 53 Days

P.Y. 2020-21: 64 Days

P.Y. 2021-22: 197 Days

Determine his Residential Status for the Assessment Year 2022-23.

- C. Miss Sneha who is currently employed with MRB Ventures Pvt. Ltd. in Goa receives a basic salary of Rs. 70,000 per month and Dearness Allowance of Rs. 42,000 per month. She also receives House Rent Allowance of Rs. 20,000 per month and arrears of salary amounting to Rs. 80,000. She stays in a rented premises and pays a rent of Rs. 18,000 per month. Compute the taxable HRA for Assessment Year 2022-23.

5 marks

- D. On 1st April 2021, the depreciated value of the block of assets (rate of depreciation is 10%) consisting of assets P & Q is Rs. 80,000. The assessee Mr. Harish sells Asset P on 10th May 2021 for Rs. 1,80,000 and purchases Asset R (rate of depreciation is 10%) during the Previous Year 2021-22 for Rs. 30,000. You are required to compute depreciation of block of assets for the Assessment Year 2022-23.

5 marks

2. Mr. Arun is employed with Indus Ltd. He provides the following information about his income for the Previous Year ended 31st March 2022

20 marks

- a) Basic Salary – Rs. 40,000 per month
b) Dearness Allowance – 10% of Basic Salary

- c) Bonus received equivalent to two month Basic Salary
- d) Employer's Contribution to Recognised Provident Fund – Rs. 1,68,000
- e) Employee contributes an amount identical to Employer's Contribution to Recognised Provident Fund
- f) Interest credited to Recognised Provident Fund @ 13% p.a. – Rs. 1,30,000
- g) Arrears of Salary received during the year – Rs. 63,000
- h) Overtime Salary – Rs. 18,600
- i) Leave Travel Concession received during the year – Rs. 18,000 (he actually spent Rs. 21,000 for the journey)
- j) Wages of domestic maid paid by the employer – Rs. 3,000 p.m.
- k) Entertainment Allowance – Rs. 6,000 per month (utilised Rs. 2,000 p.m.)
- l) Medical Allowance – Rs. 24,000 p.a.
- m) Perquisite Value of rent free accommodation – Rs. 1,20,000
- n) Hostel Expenditure Allowance – Rs. 450 per month for three children
- o) Travelling Allowance – Rs. 20,000 (40% utilised for personal use)
- p) Professional Tax paid – Rs. 4000

Compute his Income from Salaries for the Assessment Year 2022-23.

3. Mr. Suraj furnishes the following Profit & Loss Account of his business for the year ending 31st March 2022 20 marks

PARTICULARS	AMOUNT	PARTICULARS	AMOUNT
Salaries & Wages	4,00,000.00	Gross Profit	11,34,200.00
Office Expenses	88,000.00	Discount Received	21,000.00
Insurance	46,800.00	Commission on Sales	60,000.00
Depreciation	25,000.00	Bad Debts Recovery	8,000.00
Advertisement	18,000.00	Profit on Sale of Machinery	19,500.00
Bad Debts w/off	13,000.00	Profit on Sale of Investments	25,400.00
Purchase of Packing Machinery	5,00,000.00	Interest on Income Tax Refund	1,200.00
Staff Welfare Expenses	21,000.00		
Interest on:			
Mr. Suraj Capital	20,000.00		
Mr. Suraj Loan	11,000.00		
Discount Allowed	15,000.00		
Electricity Charges	14,000.00		
Provision for Doubtful Debts	8,000.00		
Provision for Income Tax	9,500.00		
Net Profit	80,000.00		
	12,69,300.00		12,69,300.00

Additional Information:

- a) Office Expenses includes a payment to a vendor in cash amounting to Rs. 35,000 and an amount of Rs. 2500 towards penalty charges.
- b) Insurance includes life insurance premium of the assessee and his spouse amounting to Rs. 6200
- c) Staff Welfare Expenses include a sum of Rs. 15,000 paid as damages to an employee to dismiss him in the interest of the business
- d) Bad Debts recovered were earlier shown as a deduction
- e) As per Income Tax Rules additional depreciation of Rs. 9000 is admissible in addition to depreciation already charged.
- f) Salaries and Wages include salary of Rs. 68,000 paid to sons wife which is unreasonable to the extent of Rs. 19,000

Compute his Income under the head 'Profits & Gains from Business or Profession' for the Assessment Year 2022-23

4. Answer in short ANY FOUR of the following in relation to the Income Tax Act (5x4=20)
 - A. Define the term 'Assessee'
 - B. Definition of 'Income'
 - C. Explain HRA u/s 10(13A)
 - D. Explain 'Block of Asset'
 - E. Explain Deduction u/s 80 U
5. Answer in short ANY FOUR of the following in relation to the Income Tax Act (5x4=20)
 - A. Definition of 'Person'
 - B. Define Salary u/s 17(1)
 - C. Define Perquisites u/s 17(2)
 - D. Explain chargeability section u/s 28 relating to Income from Business or Profession
 - E. Explain Deduction u/s 80 TTA
6. Answer in short ANY FOUR of the following in relation to the Income Tax Act (5x4=20)
 - A. Define the term 'Gross Total Income'
 - B. Provision relating to Residential Status of H.U.F.
 - C. Explain Entertainment Allowance u/s 16(ii)
 - D. Explain excess payment u/s 40A(3)
 - E. Explain Deduction u/s 80 D