

Vidya Vikas Mandal's
Shree Damodar College of Commerce & Economics, Margao-Goa
SY B.Com, Semester-IV. Supplementary Examination August 2022
Income Tax (CC 13)

Duration: 2hrs

Max Marks: 80

- Instructions:**
- i) Question No. 1 compulsory.
 - ii) Answer any 3 questions from remaining questions.
 - iii) Show important working notes as fair work.
 - iv) Figures to the right indicate marks allotted.
 - v) Start each question on fresh page.

Q1 A. Mr. Babloo who is an US citizen came to India for the first time on 1st April 2015. His stay in India during the last six years was as follows:

F.Y 2015-16-	300 days
F.Y 2016-17 -	100 days
F.Y 2017-18-	250 days
F.Y 2018-19 -	75 days
F.Y 2019-20-	85 days
F.Y 2020-21-	80 days

Determine his residential status for the Assessment year 2021-22

(5 Marks)

B. Mr. Soni, a manager at BTS Ltd. in Mumbai provides the following particulars for the Assessment Year 2021-22:

Basic Salary: Rs. 130,000 per month

Dearness Allowance: Rs. 60,000 per month

House Rent Allowance: Rs. 50,000 per month

He paid rent of Rs. 44,000 per month for a flat at Mumbai.

Compute the amount of taxable HRA for the Assessment Year 2021-22.

(5 Marks)

C. Mr. Twain owns a block of asset. The details of his Plant and Machinery Account (One block of asset) for the previous year 2020-21 is as follows: -

- W.D.V of the block on 1/4/2020Rs. 18,00,000
- Machinery purchased on 4/8/2020Rs. 16,00,000
- Additional Machinery purchased on 14/12/2020 Rs 4,00,000
- Additional Machinery purchased on 13/01/2021Rs. 2,00,000
- Sale of machinery on 20/3/2021 (Cost Rs. 36,00,000) Rs. 24,00,000
- Admission Rate of Depreciation on the block is 10 %

Compute the amount of depreciation admissible for the block for Assessment Year 2021-22

assuming that assets are put to use on same date.

(5 Marks)

D. Mr. Prakash, an Indian citizen furnish you the following particulars of his income earned during the previous year relevant to assessment year, 2021-22. Compute his Gross Total Income. Assuming that he is- (a) Resident and Ordinarily Resident (b) Resident but not Ordinarily Resident (c.) Non-Resident

Particulars	Amt. (Rs.)
• Payment received in Malaysia; services rendered in Canada.	90,000
• Rent from property in Bhutan received outside India.	30,000
• Income from agriculture in Nepal received in India.	56,000
• Interest on US Development Bond (1/2 received in India)	48,000

(5 Marks)

Q.2 Mr. Ram a State Government employee, he receives the following emoluments for the year ending March 31, 2021:

Basic Salary Rs. 1,50,000 p.m.

Dearness Allowance 10% of Basics Salary

Advance salary for the month of April 2021 received in March 2021 Rs. 1,50,000.

Entertainment Allowance Rs. 4,000 p.m.

Leave salary Rs. 36,000.

Arrears of salary received Rs. 20,000.

Insurance premium paid by the employer on life of the employee Rs. 25,000

Research Allowance Rs. 4,800. He actually spent Rs. 3,000

Tiffin Allowance Rs. 4000. He actually spent Rs. 3000

Child Education Allowance (Rs. 150 p.m. for 3 children) Rs. 6,400.

Child Hostel Allowance (For 2 children) Rs. 8,000

Employer's Contribution to Recognized Provident Fund Rs. 2,40,000.

Perquisite of rent-free accommodation. Rs. 1,20,000.

Interest credited to above Provident Fund account @ 12% Rs. 24,000.

Professional tax paid by Rakesh during previous year Rs. 5,000.

Compute his Taxable Income from 'Salaries' for the Assessment year 2021-22 (20 Marks)

Q.3 Following is the Profit & Loss Account of Mrs. Naik for the year ending 31st March 2021

Particulars	Amt. (Rs.)	Particulars	Amt. (Rs.)
To Motor Car Expenses	4,000	By Gross profit	6,50,000
To Donation	9,000	By Bank Interest	10,000
To Provision for Bonus	35,000	By Income tax refund.	19,800
To General Expenses	150,000	By Profit on sale of	
To Interest on Bank Loan	8,000	Machinery.	14,000
To Interest on personal Loan	6,000	By Income from UTI	12,000
To Salary to housemaid	12,000	By Dividend on shares.	7,000

To Bad Debts	16,000	By Net Loss	30,950
To Repairs and maintenance	37,000		
To Provision for Bad Debts	35,000		
To Depreciation on Fixed Assets	46,000		
To Advertising	15,250		
To Discount	30,100		
To Salaries	2,17,000		
To Telephone Expenses	26,200		
To Income tax paid	19,000		
To Stationary	5,200		
To Machinery purchased	73,000		
Total	<u>7,43,750</u>	Total	<u>7,43,750</u>

Additional Information:

- Salary included Rs. 60,000 paid to relative which is unreasonable to the extent of Rs.50,000.
- Half of the Telephone Expenses were incurred for personal purposes
- General Expenses include life insurance of the assessee of Rs. 15000
- General expenses include Rs. 80,000 paid in cash which is exceeding the limit prescribed by the Income Tax Act.
- Repairs and maintenance include Rs. 7000 incurred on own house.
- Depreciation as per Income Tax Act after including additional depreciation is Rs. 66,000.

Compute Income under the head 'Profits and Gains from Business & Profession' for the Assessment Year 2021-22. **(20 Marks)**

Q.4. Following is the Receipt & Payment Account of Mrs. Das, an advocate for the year ending 31st March 2021.

Receipts	Amt. (Rs.)	Payments	Amt. (Rs.)
To Balance b/f	1,50,000	By Salaries to staff	2,40,000
To Professional fees	9,40,000	By Motor car expenses	80,000
To Bank Interest	30,000	By Income tax paid	60,000
To Sale of motor car	28,000	By Printing and stationary	34,000
To Interest on Fixed deposit	22,000	By Office electricity expense	18,000
To Dividend	16,000	By Interest on loan for business.	30,000
		By Interest on loan on personal loan.	24,000
		By Donation.	8,000
		By Purchase of law books	4,000
		By Mobile bill expense	4,400
		By General Expense	92,000
		By Car insurance	30,000
		By Accounting charges	26,000

		By Drawings By Gift to staff By Balance c/d	1,00,000 16,000 4,19,600
Total	<u>11,86,000</u>	Total	<u>11,86,000</u>

Additional Information:

- Depreciation as per Income Tax Act is Rs. 60,400.
- Personal use of motor car is estimated to 20%.
- General expenses include a sum of Rs. 20,000 given to relative for personal use.
- General expenses include a sum of Rs. 16,000 paid for house repair.

Compute Total taxable Income of Mrs. Das for the Assessment Year 2021-22.

(20 Marks)

Q.5 Answer in short, the following in relation to the Income Tax Act:

- Explain HRA u/s 10(13A).
- Income Exempt from Tax u/s 10 (Any two).
- Define the term assessee.
- Explain the deductions from salary u/s 16.

(5x4=20 Marks)

Q.6 Answer in short, the following in relation to the Income Tax Act:

- Define salary u/s 17(1).
- Apportionment of Income between spouses governed by Portuguese Civil Code u/s 5A.
- Explain the conditions of residential status.
- Special Allowance u/s 10(14).

(5x4=20 Marks)