

Vidya Vikas Mandal's
Shree Damodar College of Commerce & Economics, Margao-Goa
SY B.Com, Semester IV, Semester End Examination, April/May 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 Mrs. Linda for the Assessment Year 2022-23 **5 marks**

Particulars	Amount
Repayment of Principle amount of Housing Loan	86,000.00
Life Insurance Premium paid	42,000.00
Tuition Fees of son pursuing B.Com from Mumbai University	23,000.00
Investment in five year tax saver fixed deposit scheme of Bank of India	80,000.00

- B. Mr. Mark, a Russian citizen came to India for the first time on 8th June 2017. His stay in India during the last five years was as follows: **5 marks**

P.Y. 2017-18: 190 Days

P.Y. 2018-19: 340 Days

P.Y. 2019-20: 45 Days

P.Y. 2020-21: 61 Days

P.Y. 2021-22: 186 Days

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

- C. Sanjay owns two buildings X & Y on 1st April 2021 (Rate of Depreciation: 10%, depreciated value: Rs. 14,15,700). On 1st December 2021, he purchases Building Z for Rs. 3,10,000 (Rate of Depreciation: 10%) and sells Building X on 1st October 2021 for Rs. 8,70,000. You are required to compute depreciation of block of assets for the Assessment Year 2022-23 **5 marks**

- D. Miss Anushree who is currently employed with Sai Electronics in Mumbai receives a basic salary of Rs. 68,000 per month and Dearness Allowance of Rs. 44,000 per month. She also receives House Rent Allowance of Rs. 22,000 per month and arrears of salary amounting to Rs. 95,000. She stays in a rented premises and pays a rent of Rs. 17,000 per month. Compute the amount of HRA exempt from tax for Miss. Anushree for Assessment Year 2022-23. **5 marks**

2. Mrs. Melissa is employed with Delta Industries Ltd. She provides the following information about her income for the Previous Year ended 31st March 2022: **20 marks**
- a) Basic Salary – Rs. 30,000 per month
- b) Dearness Allowance – 20% of Basic Salary

- c) Bonus received equivalent to one month Basic Salary
- d) Employer's Contribution to Recognised Provident Fund – Rs. 1,40,000
- e) Employee contributes an amount identical to Employer's Contribution to Recognised Provident Fund
- f) Interest credited to Recognised Provident Fund @ 15% p.a. – Rs. 1,47,000
- g) Arrears of Salary received during the year – Rs. 30,000
- h) Uniform Allowance – Rs. 6000 (spent Rs. 5000)
- i) Leave Travel Concession received during the year – Rs. 24,000 (he actually spent Rs. 33,000 for the journey)
- j) Wages of domestic maid paid by the employer – Rs. 2,000 p.m.
- k) Entertainment Allowance – Rs. 68,000
- l) Medical Allowance – Rs. 3,000 per month
- m) Perquisite Value of accommodation at concessional rent – Rs. 80,000
- n) Hostel Expenditure Allowance – Rs. 500 per month for two children
- o) Travelling Allowance – Rs. 30,000 (60% utilised for official use)
- p) Professional Tax paid – Rs. 3000

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

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

PARTICULARS	AMOUNT	PARTICULARS	AMOUNT
Office Expenses	2,00,000.00	Gross Profit	11,67,500.00
Donation	9,600.00	Income from Investments	34,700.00
Salary & Wages	3,84,220.00	Interest on Bonds	18,000.00
Advertisement	1,68,500.00	Dividend on Shares	24,000.00
Income Tax	1,10,300.00		
Printing & Stationery	78,000.00		
Entertainment Expenditure	20,500.00		
Provision for Bad Debts	14,300.00		
Penalty levied by GST Department	7,000.00		
Depreciation	1,09,020.00		
Provision for Bonus	34,000.00		
Net Profit	1,08,760.00		
	12,44,200.00		12,44,200.00

Additional Information:

- a) Salary includes an amount of Rs. 60,000 paid to his wife which is unreasonable to the extent of Rs. 25,000
- b) Office Expenses includes a payment to a vendor in cash amounting to Rs. 45,000
- c) Entertainment expenditure includes Rs. 8,000 incurred for engagement of his daughter.
- d) Depreciation admissible under Income Tax Act amounts to Rs. 1,24,000

- e) Printing & Stationery includes a bill of Rs. 39,000 paid by a bearer cheque to the supplier.
- f) Advertisement expenditure includes an amount of Rs. 34,000 towards an advertisement published in a souvenir of a political party.

Compute his income under the head 'Profits and 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. Definition of 'Person'
 - B. Define the term 'Gross Total Income'
 - C. Define Salary u/s 17(1)
 - D. Explain Depreciation u/s 32
 - E. Explain Deduction u/s 80 C
5. Answer in short ANY FOUR of the following in relation to the Income Tax Act (5x4=20)
- A. Define the term 'Assessee'
 - B. Define Perquisites u/s 17(2)
 - C. Explain HRA u/s 10(13A)
 - D. Explain chargeability section u/s 28 relating to Income from Business or Profession
 - E. Explain Deduction u/s 80 U
6. Answer in short ANY FOUR of the following in relation to the Income Tax Act (5x4=20)
- A. Permanent Account Number (PAN)
 - B. Provision relating to Residential Status of H.U.F.
 - C. Explain the deductions from salary u/s 16
 - D. Explain excess payment u/s 40A(3)
 - E. Explain Deduction u/s 80 TTA