

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

Duration: 2hrs

Max Marks: 80

Instructions: i) Question No. 1 is 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.

Q1 A. Mr. Mark 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 1/4/2020	Rs. 9,00,000
• Machinery purchased on 1/8/2020	Rs. 8,00,000
• Additional Machinery purchased on 12/12/2020	Rs.2,00,000
• Additional Machinery purchased on 09/01/2021	Rs. 1,00,000
• Sale of machinery on 15/3/2021 (Cost Rs. 18,00,000)	Rs. 12,00,000
• 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)**

B. Mr. Roni, a Senior Manager at RST Ltd. in Mumbai provides the following particulars for the Assessment Year 2021-22:

Basic Salary: Rs. 65,000 per month

Dearness Allowance: Rs. 15,000 per month

House Rent Allowance: Rs. 25,000 per month

He paid rent of Rs. 22,000 per month for a flat at Mumbai.

Compute the amount of taxable HRA for the Assessment Year 2021-22. **(5 Marks)**

C. Mr. Rayu who is an UK 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)**

D. Mr. Om, 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 Singapore; services rendered in Mexico.	45,000
• Rent from property in Africa received outside India.	15,000
• Income from agriculture in Bangladesh received in India.	28,000
• Interest on UK Development Bond(1/2 received in India)	24,000

(5 Marks)

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

Basic Salary Rs. 75,000 p.m.

Dearness Allowance 10% of Basics Salary

Advance salary for the month of April 2021 received in March 2021 Rs. 75,000.

Entertainment Allowance Rs. 2,000 p.m.

Leave salary Rs. 18,000.

Arrears of salary received Rs. 10,000.

Insurance premium paid by the employer on life of the employee Rs. 12,500

Research Allowance Rs. 2,400. He actually spent Rs. 1,500

Tiffin Allowance Rs. 2000. He actually spent Rs.1500

Child Education Allowance (Rs. 150 p.m. for 3 children) Rs. 5,400.

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

Employer's Contribution to Recognized Provident Fund Rs. 120,000.

Perquisite of rent-free accommodation. Rs. 60,000.

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

Professional tax paid by Rakesh during previous year Rs. 2,500.

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

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

Particulars	Amt. (Rs.)	Particulars	Amt. (Rs.)
To Advertising	15,250	By Gross profit	6,50,000
To Discount	30,100	By Bank Interest	10,000
To Salaries	2,17,000	By income tax refund.	19,800
To Telephone Expenses	26,200	By Profit on sale of Machinery.	14,000
To Income tax paid	19,000	By income from UTI	12,000
To Stationary	5,200	By Dividend on shares.	7,000
To Machinery purchased	73,000		

To Motor Car Expenses	4,000	By Net Loss	30,950
To Donation	9,000		
To provision for Bonus	35,000		
To General Expenses	150,000		
To Interest on Bank Loan	8,000		
To Interest on personal Loan	6,000		
To salary to housemaid	12,000		
To Bad Debts	16,000		
To repairs and maintenance	37,000		
To Provision for Bad Debts	35,000		
To Depreciation on Fixed Assets	46,000		
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	75,000	By Salaries to staff	1,20,000
To Professional fees	4,70,000	By Motor car expenses	40,000
To Bank Interest	15,000	By Income tax paid	30,000
To Sale of motor car	14,000	By Printing and stationary	17,000
To Interest on Fixed deposit	11,000	By Office electricity expense	9,000
To Dividend	8,000	By Interest on loan for business.	15,000
		By Interest on loan on personal loan.	12,000
		By Donation.	4,000
		By Purchase of law books	2,000
		By Mobile bill expense	2,200
		By General Expense	46,000
		By Car insurance	15,000
		By Accounting charges	13,000

		By Drawings	50,000
		By Gift to staff	8,000
		By Balance C/d	2,09,800
Total	<u>5,93,000</u>	Total	<u>5,93,000</u>

Additional Information:

- Depreciation as per Income Tax Act is Rs. 30,200.
- Personal use of motor car is estimated to 20%.
- General expenses include a sum of Rs. 10,000 given to relative for personal use.
- General expenses include a sum of Rs. 8,000 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:

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

(5x4=20 Marks)

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

- Special Allowance u/s 10(14).
- Define the term Gross Total Income.
- Define salary u/s 17(1).
- Explain the concept of residential status.

(5x4=20 Marks)