

Vidya Vikas Mandal's
Shree Damodar College of Commerce & Economics, Margao-Goa
S.Y.B.Com Semester-IV, Semester End Examination, April 2019
INCOME TAX

Duration: 2 HOURS

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.

A. Mrs. Neha who is working as an associate at a company in Delhi receives a basic salary of Rs. 65,000 per month and Dearness Allowance of Rs. 18,000 per month (Dearness Allowance forms part of retirement benefits). She also receives HRA of Rs. 17,000 per month and arrears of salary Rs. 70,000. She paid rent of Rs. 14,000 per month for a house at Delhi. Compute the amount of taxable HRA for the Assessment Year 2018-19.

(5 MKS)

B. Mr. Abhishek owns the following assets:

PARTICULARS	RATE OF DEPRECIATION	WRITTEN DOWN VALUE ON 01-04-2017
Building	5%	1,00,000
Plant and Machinery	25%	30,000
Furniture	10%	20,000

Additional Information:

- Plant costing Rs. 1,00,000 has been purchased during the year
- Furniture costing Rs. 50,000 has been purchased during the year
- Old furniture has been sold for Rs. 15,000 during the year

You are required to calculate depreciation of Block of Assets for the Assessment Year 2018-19.

(5 MKS)

C. Mr. Tony was born in London in the year June 1985. He came to India for a first time on 1st April 2011 and started business in India. He went back to the U.K on 10th August, 2017. He again came back to India on 14th November, 2017 and returned to his country U.K on 28th January 2018. Determine his residential status for the Assessment year 2018-19

(5 MKS)

D. Compute the quantum of deduction under section 80C for Mr. Mitesh for the assessment year 2018-19.

Particulars	Amount (Rs.)
Repayment of Housing loan Principle amount	75,000
Life Insurance premium paid	15,000
Contribution to Public Provident Fund	25,000
Tuition fees paid of daughter for pursuing M.Com in Goa	1,50,000

(5 MKS)

2. Mr. Nitin employed with ABX ltd in Mumbai receives the following Remuneration for the year ending March 31,2018:-

Salary (Net after Entertainment allowance and Professional Tax) Rs. 11,000 p.m

Professional Tax deducted at source Rs. 1,000 p.m

Entertainment allowance received Rs. 1,250 p.m

Perquisite value of maid for house Rs. 10,000

Bonus received Rs. 5,000

Arrears of Salary received Rs. 2,500

Life Insurance Premium of the assessee paid by the employer Rs. 3,000

Advance salary taken on account of sister's marriage Rs.7,500

Conveyance allowance received of Rs. 5,000 p.m. He spent Rs. 55,000 for commuting on business work.

Leave Travel Concession received from the employer Rs 75,000. He is entitled for Rs 60,000 as per prescribed rules

Contribution of employer to Recognized Provident Fund at the rate of 14% of basic salary

Interest credited to the above Recognised Provident Fund A/c @ 7.5% p.a.

House Rent Allowance (staying in own house) Rs. 20,000

Compute his Taxable Income from 'Salaries' for the Assessment year 2018-19

(20 MKS)

3. Ms. Sanjana provides the following Profit & Loss Account of her business for the year ending 31st March 2018

PARTICULARS	AMOUNT	PARTICULARS	AMOUNT
Office Expenses	1,00,000	Gross Profit	9,65,000
Donation	5,600	Income from UTI	13,000
Salary to Employees	2,89,000	Interest on Bonds	10,000
Advertisement Expenditure	1,16,500	Dividend on Shares	12,000
Income Tax	1,12,700		
Printing & Stationary	69,000		
Entertainment Expenditure	19,200		
Provision for Bad Debts	15,500		
Penalty levied by Excise Department	9,000		
Depreciation	1,08,000		
Provision for Bonus	36,700		
Net Profit	1,18,800		
Total	10,00,000	Total	10,00,000

Additional Information:

- Salary includes Rs. 1,00,000 paid to her husband which is unreasonable to the extent of Rs. 40,000
- Entertainment Expenditure includes Rs. 10,000 incurred for arranging a birthday party for her son.
- Printing & Stationary includes a bill of Rs. 50,000 paid by a bearer cheque to the supplier.
- Depreciation admissible as per the Income Tax Rules is Rs. 88,000
- Advertisement Expenditure includes an amount of Rs. 65,000 towards an advertisement in souvenir of political party

Compute Income under the head 'Profits and Gains of Business or Profession' for the Assessment Year 2018-19.

(20 MKS)

4. Answer in short **ANY FOUR** of the following in relation to the Income Tax act:

- A. Define the term 'Assessee'
- B. Definition of 'Person'
- C. Explain the provision relating to Gratuity
- D. Define Depreciation u/s 32
- E. Explain Deduction u/s 80D

(5x4=20 MKS)

5. Answer in short **ANY FOUR** of the following in relation to the Income Tax act:

- a) Define the term 'Income'
- b) Define salary u/s 17(1)
- c) Explain the deductions from salary u/s 16
- d) Explain Chargeability section u/s 28 relating to Income from Business or profession
- e) Explain Deduction u/s 80TTA

(5x4=20 MKS)

6. Answer in short **ANY FOUR** of the following in relation to the Income Tax Act:

- A. Define the term Gross Total Income
- B. Provision relating to residential status of Hindu Undivided Family (H.U.F)
- C. Explain the deductions from salary u/s 16
- D. Explain excess payment u/s 40 A (3)
- E. Explain Deduction u/s 80C

(5x4=20 MKS)

