

T.Y. B.COM. Semester - V (Repeat) / One Time Opportunity
EXAMINATION OCTOBER 2019
Accounting Major 2 : Income Tax & Goods and Service Tax - Paper I

[Duration : Two Hours]

[Total Marks: 80]

Instructions:

- i) Question No. 1 is **compulsory**.
- ii) Answer **any 3** questions from the **remaining** questions.
- iii) Show **important** working notes as **fair work**.
- iv) Figures to the **right** indicate marks **allotted**.

- Q.1 A) Mr. Rajan Shetye, an employee covered under the Payment of Gratuity Act 1972, retired on 31st March 2018 after rendering service for a period of 29 years, 6 months and 10 days. He received Rs. 9,45,000 as gratuity on retirement. He received Rs 35,000 as basic salary, Rs 17,000 as DA and Rs 5,000 as bonus in the month of March 2018. Calculate the amount of Gratuity exempt u/s 10(10). (5)
- B) Mr. Sanjay Naik is a resident of Goa and is in the business of civil constructions. The total receipts from his business for the year ended 31.3.2018 is Rs.1.5 crores. 80% of his receipts are through electronic clearing system, while the remaining are in cash. Calculate his income U/s 44AD for Assessment Year 2018-19. (5)
- C) Mr. Ketan Gaonkar, leaves India to join his new employment in Singapore, on 15th May 2017. He came back to India on annual vacation on 15th May 2018 and stays in the country for 40 days after which he returns back to Singapore. He has received the following incomes during the year ended 31.3.2018. (5)
- i. Income from salaries received in Singapore Rs. 45,00,000.
 - ii. Income from House Property situated in Goa, credited to his account in SBI, Navelim Branch Rs. 5,00,000.
 - iii. Interest on his savings account credited to his account in Singapore Rs.45,000.
- Calculate his taxable income for the Assessment Year 2018 -19.
- D) Define 'Turnover' u/s 2(112) of the CGST Act 2017. (5)
- Q.2 Mr. 'Kashinath Gawas' is an employee of Government of Goa. He gives you the following details of emoluments received for the year ended 31.3.2018. (20)

Particulars	
Basic Salary (Net after deduction of TDS)	Rs 6,60,000 p.a.
Tax deducted at source	Rs 5,000 p.m.
Dearness Allowance (forms part of salary for retirement benefits)	@30% of basic salary

Commission on turnover	Rs. 120 p.a.
Turnover achieved for the previous year 2017-18	Rs. 8,00,000
Bonus	Rs. 25,000
Advance salary	Rs. 78,000
Motorear is provided for both official & personal purposes with driver.	
Perquisite value of car used for personal purpose	Rs. 12,000
Encashment of leave salary	Rs. 20,000
Employer's contribution to Recognised Provident Fund	Rs. 1,22,720
Interest credited to Recognised Provident Fund @ 8.6% p.a.	Rs. 43,000 p.a.
House Rent Allowance	Rs. 20,000 p.m.
Amount paid for a rented villa in Goa	Rs. 3,00,000 p.a.
Entertainment Allowance received	Rs. 800 p.m.
Amount spent for official entertainment purposes	Rs. 850 p.m.
Children's hostel expenditure allowance received for 2 children	Rs. 1,000 p.m. per child
Children's education allowance received for 1 child	Rs. 41,960 p.a.
Research allowance received	Rs. 50,000 p.a.
Amount utilized for research purposes	Rs. 40,000 p.a.

Compute his income from 'Salaries' for Assessment Year 2018-19.

- Q.3 Mr. Benjamin D'souza is a businessman in Goa. Following is his Profit & Loss Account for the year ended 31.3.2018. (20)

Profit & Loss Account

Particulars	Rs	Particular	Rs.
Salaries	1,52,000	Gross Profit	26,98,000
Bonus to Staff	45,000	Refund of Income Tax	2,500
Provision for Unapproved gratuity fund	30,000	VAT Refund	10,000
Advertisement expenses	15,000	Gift from Mother	50,000
Rent of business premises	24,000		
Stationery & Printing	15,000		
Travelling Expenses	4,000		
Electricity charges	11,500		
Depreciation on Plant & Machinery	4,75,000		
Donations paid to Sport Club	20,000		
Income Tax Paid	40,000		
Drawings	24,000		
Miscellaneous Expenses	10,000		
R.D.D	12,000		
Interest:			
a. On Capital	18,000		
b. On Loan	15,000		
Net Profit	18,50,000		
	27,60,500		27,60,500

Additional Information:

1. Salaries include an amount of Rs 50,000, paid to his daughter, of which 20% is considered as unreasonable.
2. Advertisement expenses include an amount of Rs 7,000 paid in cash for a full page advertisement in a souvenir published by a political party.
3. Depreciation on the Block of Plant & Machinery is admissible @40%. Additions to this Block was made on 11th February 2018 amounting to Rs. 1,50,000. The asset was put to use from the date of purchase. The WDV of the block on 31.3.2017 was Rs 13,50,000 and a portion of an old Plant from this block costing Rs 45,000 was sold for Rs 70,000 on 1.5.2018.
4. Electricity charges of Rs 3,500 which was paid during the year 2017 – 18 was not recorded in the books of Accounts.
5. Interest on loan is paid on amount borrowed for business purposes.
6. Miscellaneous expenses include an amount of Rs 8,000/- spent toward Life insurance premium on his own life.

Compute taxable income under the head 'Profits and Gains from Business or Profession' for Assessment Year 2018-19.

Q.4 Answer in short **any four** of the following in relation to Income Tax Act 1961. **(4x5=20)**

- a. Assessee U/s 2(7).
- b. Company u/s 2(17).
- c. Provisions relating to Residential status of HUF.
- d. Exemption in relation to Leave Travel Concession in India.
- e. Compensation received at the time of voluntary retirement u/s 10(10C).

Q.5 Answer in short **any four** of the following in relation to Income Tax Act 1961. **(4x5=20)**

- a. Gross Total Income U/s 80(B) (5)
- b. Apportionment of Income between spouses u/s 5A.
- c. Exemption in relation to educational scholarships u/s 10(16).
- d. Definition of Salary u/s 17(1).
- e. Estimation of income u/s 44AE.

Q.6 Answer the following questions.

- a. Explain the provisions of profits in lieu of salary u/s 17(3) of the Income Tax Act 1961. **(5)**
- b. Explain the provisions of Section 43B of the Income Tax Act 1961. **(5)**
- c. Explain the following in brief with reference to Goods and Service Tax. **(5)**
 - i. Taxable Event **(5)**
 - ii. Tax Invoice. **(5)**