



B.Com. (Semester – VI) (New Course) Examination, April 2017
COST AND MANAGEMENT ACCOUNTING (Major – 1)
Income Tax

Duration : 2 Hours

Max. Marks : 80

- Instructions :** 1) *Q. 1 is compulsory.*
2) *Answer any three questions from Question No. 2 to Question No. 6.*
3) *Figures to the right indicate maximum marks.*

1. Answer any four from the following : (4×5=20)

- a) Mr. Subhash has a hotel business which he started on 1st January 2015. On 1st January 2016 he also started another business of general stores, close to the hotel. Determine the relevant previous year for the two types of businesses i.e. hotel and general stores respectively, for the Assessment Year 2016 – 17.
- b) Mr. Kedar retires on 4th November 2015, after serving Green Goa Pvt. Ltd. for 17 years and 4 months. He is not covered by The Payment of Gratuity Act, 1972. At the time of retirement his average salary for the last 10 months preceding the month of retirement was Rs. 52,000. On his retirement he received Rs. 6,00,000 as gratuity. Compute the amount of gratuity exempt from tax.
- c) Briefly explain the 'Scope of Total Income' u/s 5 of the Income Tax Act, 1961.
- d) From the following figures you are required to calculate the depreciation admissible to an individual carrying on business, for the Assessment Year 2016 – 17.

Particulars	Plant and Machinery	Building
	Rs.	Rs.
WDV at the beginning of the year	2,50,000	10,00,000
Additions during the year (31-12-2015)	2,80,000	Nil
Sales during the year	2,00,000	2,00,000
Rate of depreciation	15 %	10 %

- e) Miss Komal is in Government service and she received Rs. 15,000 per month as basic salary and Rs. 4,000 per month as entertainment allowance. She actually spent Rs. 2,000 p.m. towards entertainment expenses. Compute the taxable entertainment allowance for Assessment Year 2016 – 17.

P.T.O.



2. A) The following are the particulars of the income from salaries of Professor Shirin of a Commerce College in Pune, for the year ended 31st March 2016. **10**
- I) Gross basic salary Rs. 75,000 per month.
 - II) Dearness allowance Rs. 65,000 per month.
 - III) One month's basic taken as advance, for brother's marriage.
 - IV) Salary in lieu of leave Rs. 22,000.
 - V) Hostel expenditure allowance Rs. 1,500 per month per child for three children.
 - VI) Profession tax paid by Shirin Rs. 300 per month.
 - VII) Examination remuneration from college Rs. 6,000.
 - VIII) Received a gift from employer worth Rs. 5,000, for carrying out a workshop very well
 - IX) She received Rs. 5,000 for writing articles in the Economic Times.
 - X) She received Rs. 30,000 as royalty from book publisher.
- Compute the Income From Salaries of Shirin for the Assessment Year 2016 – 17.

- B) Following is the Receipts and Payments Account of Dr. Prabhu, a medical practitioner, for the year ended 31-3-2016. **10**

Receipts	Rs.	Payments	Rs.
To Balance b/d		By Rent of the clinic	15,000
Bank 90,000		By Staff Salaries	80,000
Cash <u>20,000</u>	1,10,000	By Purchase of equipments	39,000
To Consultation fees	1,30,000	By Motor car expenses (profession)	15,000
To Sale of medicines	25,000	By Medical association	
To Operation theatre rent	45,000	membership fees	5,000
To Interest on bank deposits	13,000	By Medicines purchased	30,000
		By Staff welfare expenses	23,000
		By Subscription of periodicals	4,000
		By Balance c/d	
		Bank 82,000	
		Cash <u>30,000</u>	1,12,000
	3,23,000		3,23,000

During the year, the rent of the clinic to the extent of Rs. 4,000 was considered unreasonable.

Compute the Income From Profession of Dr. Prabhu for the Assessment Year 2016 – 17.



3. Shri Babu Bhai, aged 58 years, was in the Human Resources Department of M/s Ladli Ltd. where he worked till 31st December 2015. He received the following emoluments till that date :

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- I) Net salary Rs. 28,000 per month.
- II) Profession tax deducted at source Rs. 500 per month.
- III) Contribution to public provident fund deducted at source 1,500 per month.
- IV) Entertainment allowance Rs. 600 per month.
- V) Tiffin allowance Rs. 1,000.
- VI) Provision of a four wheeler, perquisite value there of Rs. 35,000.
- VII) Reimbursement of expenses incurred by him for attending Company's work at Belgavi Rs. 16,000.

Immediately after retiring, he started a stationery shop on 1st January 2016. The Profit and Loss A/c of the stationery shop for the 3 months ended 31-3-2016.

Particulars	Rs.	Particulars	Rs.
To Salaries and wages	1,65,000	By Gross Profit b/d	5,28,400
To Insurance premium :		By Profit on sale of furniture in shop	600
Life (self)	11,000		
Staff	<u>9,000</u>		
	20,000		
To Mediclaim premium (self)	56,000		
To Bad debts	32,000		
To Income tax paid	14,000		
To Payment towards			
NSC VIII issue	25,000		
To Donations	12,000		
To Depreciation	1,18,000		
To Net profit c/d	87,000		
	5,29,000		5,29,000

The mediclaim premium payment was made by cheque for wife and himself Rs. 28,000 and Mother (aged 75 years) Rs. 28,000.

Compute the Total Taxable Income of Babu Bhai for the Assessment Year 2016 – 17.



4. Write short notes on the following : (4×5=20)
- Determination of residential status of an individual assessee.
 - Exemption available for leave travel concession u/s 10(5).
 - Taxable Perquisites.
 - The term 'person' as defined u/s 2(31).
5. Answer the following questions : (4×5=20)
- Explain "Let Out House Property" and "Deemed to be Let Out House Property".
 - Briefly explain the amounts not deductible u/s 58 while calculating Income From Other Sources.
 - Mention in brief any five items which are exempt u/s 10.
 - Explain the deduction available u/s 80U.
6. Answer the following questions : (4×5=20)
- Briefly explain the term 'Assessment Year' with an example.
 - Explain the provision of unrealised rent u/s 25A.
 - Write any five incomes considered while computing income from other sources.
 - Who is entitled to claim the deduction u/s 80CCC ? Explain the provision of this section.