



B.Com. (Semester – VI) Examination, April/May 2019

## COST AND MANAGEMENT ACCOUNTING

Major – 1 : (New Course)

## Income Tax

Duration : 2 Hours

Total Marks : 80

**Instructions :** 1) Question No. 1 is **compulsory**.2) Answer **any three** questions from Question No. 2 to Question No. 6.3) Figures to the **right** indicate maximum marks.

4) Working notes should form part of the answer.

1. Answer the following questions :

(4×5=20)

- a) Aman is a promising young business man having a shop in “stationery and gift” in Savordem, which he started in 2014. On 13<sup>th</sup> January, 2018, he started a new shop, in “cosmetics and artefacts.” Determine the Previous year for the relevant Assessment year, 2018-19, for the two different, business shops which Aman owns.
- b) Mr. Ramesh is working as the Associate Professor of chemistry, in Government College of Arts and Science in Maharashtra. He receives entertainment allowance of Rs. 6,600/- for the year, however he spends Rs. 5,000/-. His basic salary per month is Rs. 12,000/- . Calculate the entertainment allowance deduction available to Mr. Ramesh for the assessment year 2018-2019.
- c) Ms. Marisa is a resident of Cansaulim in Goa. She receives leave travel concession of Rs. 58,000/- from her employer to go on all India tour for herself and her family. She spends only Rs. 35,000/- towards the all India tour. Calculate the exemption available to her under Section 10 (5), and the amount taxable or refundable.
- d) Mrs. Zara an Indian citizen furnishes the following particulars of his income earned during the previous year, relevant to assessment year 2018-2019.
- i) Salary earned and received in South Africa Rs. 38,000/-
  - ii) Income from business in India, received in Mumbai Rs. 94,000/-
  - iii) Interest on bank account in India Rs. 19,300/-
  - iv) Income from business in London controlled from India Rs. 58,000/-
  - v) Past untaxed profits brought to India Rs. 49,000/-

Find out her Gross Total Income for the assessment year 2018-2019, if she is (i) Resident and Ordinary Resident (ii) Non-Resident.

e) Write a descriptive note on Block of Assets.



2. A) Ms. Nayan is working in the multinational company as an accountant. She furnishes the following information relating to her income for the previous year 2017-2018.

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- i) Basic salary Rs. 22,000/- per month
- ii) Dearness allowance Rs. 13,000/- per month
- iii) Employers contribution to RPF is in excess of prescribed limits by Rs. 9,600/-
- iv) Children education allowance Rs. 200/- per month per child for two children
- v) Salary of April 2018 is received in advance
- vi) She received award from her local village club for garbage maintenance initiatives Rs. 5,000/-
- vii) She used company car for personal use, the perquisite value is Rs. 12,000/-
- viii) She received HRA of Rs. 700/- per month, exempt U/S 10(13A) Rs. 300 per month.
- ix) She paid profession tax of Rs. 2,200/-

Compute Ms. Nayan's income from salaries for the assessment year 2018-2019.

B) Mr. Joseph is the owner of 'good selling practices'. He provides the following profit and loss A/c for the year ended 31<sup>st</sup> march 2018.

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Particulars	Amount	Particulars	Amount
To Opening stock	43,000	By Sales	6, 05,750
To Purchases	5,00,000	By Miscel. Income (business)	3,250
To Salaries	30,000	By winnings from Horse Races	1,200
To Rent Rates and Taxes	15,000	By Closing Stock	85,800
To Printing and Stationery	11,600		
To Depreciation	51,000		
To Provision for Bad Debts	5,000		
To Advertisement	15,000		
To LIC Premium for Self	4,000		
To Donations	7,000		
To Net profit	14,400		
	<b>6,96,000</b>		<b>6,96,000</b>



**Additional information :**

- i) Depreciation as per income tax rules is Rs. 45,000/-
- ii) Donations include Rs. 3,000/- paid towards general expenses
- iii) Expenditure towards advertisement in souvenir of political party Rs. 4,700/-

Compute Mr. Josephs Taxable Income from Business for the Assessment Year 2017-2018.

3. Dr. Amir a renowned medical doctor was working in the department of gynaecology of Smile Hospitals up to 31<sup>st</sup> October, 2017. He received the following emoluments during his employments with Smile Hospitals. **20**

- i) Basic salary Rs. 23,800/- per month.
- ii) Dearness allowance 20% of basic pay per month
- iii) Reimbursement of conveyance expenses Rs. 20,000/-
- iv) Received arrears of salary Rs. 1,34,000/-
- v) Entertainment allowance Rs. 4,500/- per month
- vi) Rent free accommodation, perquisite value Rs. 15,000/-
- vii) He paid profession tax of Rs. 750/- during his employment.

From the First of November Dr. Amir started his practice, as Gynaecologist in the Clinic, owned by him. The Receipts and Payments Account for the five months ended 31<sup>st</sup> March, 2018, is as follows :

<b>Receipts</b>	<b>Amount</b>	<b>Payments</b>	<b>Amount</b>
To Balance b/d	28,000	By Rent of Clinic	15,600
To Consultation Fees Received	77,000	By Electricity and Water Bills	3,700
To Visiting Fees	36,000	By Salary to Staff	19,000
To Operation Theatre Charges	27,600	By LIC Premium for Self	8,500
To Sale of Medicines	35,000	By Purchase of Ambulance	55,000
To Gift Received	11,500	By Medical insurance premium (self and spouse)	14,000
To Interest on bank deposits	12,500	By Income Tax	13,000
		By Ambulance Expenses	12,000
		By Purchase of medicines	46,000
		By Fees and Subscription	10,800
		By Investment in PPF	20,000
		By Balance c/d	10,000
	<b>2,27,600</b>		<b>2,27,600</b>

**Additional Information :**

- i) Depreciation allowable on Ambulance is at 10% pa.
  - ii) Gifts received includes Rs. 5,000/- from clients in appreciation of his medical treatment.
  - iii) There was no stock of medicines at the beginning or at the end.
4. Write short notes on the following : (4×5=20)
- a) Perquisites U/S 17(2)
  - b) Person U/S 2(31)
  - c) Basic conditions determining residential status of individual U/S 6 (1) of IT Act
  - d) Provisions for exemption for gratuity U/S 10 (10).
5. Answer the following question : (4×5=20)
- a) Explain the deduction in respect of family pension U/S 57.
  - b) Describe the deduction available to the individual assessee U/S 80 E.
  - c) Explain the exemption available for dividend U/S 10(34).
  - d) Explain deductions available, while computing income from let out house property.
6. Answer the following questions : (4×5=20)
- a) Explain the term self-occupied house property.
  - b) Apportionment of income between spouses governed by the Portuguese civil code.
  - c) Write any four incomes chargeable under the head "income from other sources.
  - d) Explain briefly the deductions U/S 80CCC of the Income Tax Act.
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