



SU – 07

B.Com. (Semester – VI) Examination, April 2016
COST AND MANAGEMENT ACCOUNTING (Major – I) (New Course)
Income Tax

Duration : 2 Hours

Max. 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.

1. Answer **any four** from the following : (4×5=20)
- Mr. Vikas an Indian citizen left India for Australia on 5th September, 2013. During the financial year 2014-15, he came to India and stayed for 180 days. Determine his residential status for the assessment years 2014-15 and 2015-16.
 - Calculate the amount of House Rent Allowance exempted and taxable of Mr. Peter from Panaji for the assessment year 2015-16 from the following data. Mr. Peter receives house rent allowance @ Rs. 8,000 per month from his company; Rent paid by him to the landlord during the year is @ Rs. 10,000 per month. His basic salary including dearness allowance is @ Rs. 40,000 per month.
 - Mr. James is a State government employee and received Rs. 35,000 as Entertainment Allowance for the financial year ending 31st March, 2015. He spent Rs. 20,000 of the entertainment allowance received and saved the balance amount. His basic salary during the above financial year amounted to Rs. 25,000 per month. Calculate the amount of Entertainment Allowance exempted and taxable of Mr. James for the assessment year 2015-16.
 - Define Person u/s 2(31) of the Income Tax Act, 1961.
 - The following data is taken from the books of XYZ Ltd. The written down value of the following assets as on 1st April, 2014 was : Plant and Machinery Rs. 5,00,000 and Furniture Rs. 1,00,000. On 1st May, 2014 a new plant and Machinery was purchased for Rs. 3,00,000 and another Plant and Machinery was purchased on 1st January, 2015 for Rs. 1,00,000. On 1st August, 2014, an old machine having a written down value of Rs. 1,00,000 was sold for Rs. 50,000. The rate of depreciation applicable for Income Tax purpose on Plant and Machinery is @ 25% per annum and on Furniture @ 10% per annum. Calculate depreciation allowable on Plant and Machinery and on Furniture of XYZ Ltd. for the assessment year 2015-16.

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2. a) Mr. Raja is an area manager of Beta Steels Ltd. The following are the particulars of his income for the financial year ending 31st March, 2015. 10
- i) Basic salary Rs. 58,000 per month.
 - ii) Dearness allowance @ 20% of basic salary.
 - iii) Bonus received equal to one month of basic pay.
 - iv) Transport allowance received @ Rs. 3,000 per month.
 - v) Received children education allowance at the following rates @ Rs. 150 per month for the first child, @ Rs. 75 per month for second child and @ Rs. 50 per month for the third child.
 - vi) Tax paid on employment @ Rs. 250 per month.
 - vii) Received rent free furnished accommodation whose perquisite value was Rs. 60,000 per annum.
 - viii) Received arrears of salary amounting to Rs. 1,00,000.

Calculate the taxable income of Mr. Raja under the head salaries for the Assessment Year 2015-16.

- b) The receipts and payments account of Mr. Raju an architect is given below : 10
- Receipts and Payments account for the year ending 31st March, 2015

Receipts	Amount (Rs.)	Payments	Amount (Rs.)
To Balance b/d		By Salaries	2,10,000
Cash in Hand	24,000	By Drawings	80,000
Cash with Bank	1,20,000	By Telephone expenses	24,000
To Professional fees	6,00,000	By Rent	30,000
To Amount received from LIC on maturity of policy	50,000	By Conveyance	25,000
To Amount received under Keyman Insurance Policy	60,000	By Purchase of Computer	50,000
To Gifts from clients	10,000	By Stationery	18,000
		By Bonus to staff	12,000
		By Subscriptions to professional journals	5,000
		By Donation of Lions Club	3,000
		By Balance c/d	
		Cash in hand	40,000
		Cash with Bank	3,67,000

**Additional information :**

- i) Depreciation allowable on computer is @ 20% per annum.
- ii) Half the rent is for residential purpose.
- iii) Bonus to staff includes Rs. 2,000 spend on buying a gift to his wife.

Calculate the taxable income from Profession of Mr. Raju for the Assessment Year 2015-16.

3. Mr. Bupesh from Panjim was employed with Goa Minerals Ltd., as a Finance Officer up to 30th September, 2014. He received the following payments till September 2014 from his company.

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- i) Basic salary Rs. 40,000 per month.
- ii) Dearness Allowance Rs. 12,000 per month.
- iii) Reimbursement of medical expenses Rs. 6,500.
- iv) Bonus received Rs. 2,000.
- v) Overtime wages received Rs. 16,000.
- vi) House rent allowance received Rs. 6,000 for six months (Exempt Rs. 4,000).
- vii) During August 2014 he received Rs. 24,000 as Leave Travel Allowance for the entire family to go to Kerala. Exemption in respect of value of Leave Travel Concession is allowable as per the rules. He duly incurred Rs. 18,600 expenses for his Kerala Tour.

From 1st October, 2014 he started his own business. Following is the Profit and Loss Account of his business for the six month ending 31st March, 2015.

Particulars	Amount (Rs.)	Particulars	Amount (Rs.)
To Purchases	3,00,000	By Sales	4,00,000
To Salaries paid (including Rs. 20,000 to self)	38,000	By Closing stock	1,00,000
To Stationery	2,000		
To Electricity charges	5,000		
To Telephone charges	2,000		
To Advertisement	2,000		
To Donation to a local club	1,000		
To Interest on capital	10,000		
To Rent (75% residential)	8,000		



To Personal Drawings	24,000	
To Medical Insurance Premium		
Self	7,000	
Spouse	5,000	
Dependent Son	<u>4,000</u>	16,000
To Contribution to P.P.F.	20,000	
To Net Profit bal. c/d	72,000	
	5,00,000	5,00,000

Calculate the total taxable income of Mr. Bupesh for the Assessment Year 2015-16.

4. Write short notes on : (4×5=20)
 - a) Apportionment of Income between Spouses governed by the Portuguese Civil Code.
 - b) Exemption for Gratuity u/s 10 (10) of the Income Tax Act.
 - c) Profits in Lieu of Salary u/s 17(3) of the Income Tax Act.
 - d) Assessment u/s 2(8) of the Income Tax Act.
5. Answer the following questions : (4×5=20)
 - a) What do you mean by "Self Occupied House Property" ? How is the annual value of such property determined ?
 - b) Mention the deductions allowed under the Income Tax Act, 1961 while computing "Income from Other Sources".
 - c) Explain the Deduction u/s 80 U of the Income Tax Act.
 - d) Discuss briefly the exemption available u/s 10 in respect of Agricultural Income.
6. Answer the following questions : (4×5=20)
 - a) Define the terms : Previous Year and Assessment Year.
 - b) Explain the provision of Arrears of Rent Received u/s 25B of the Income Tax Act.
 - c) What are the incomes chargeable under the head "Income from Other Sources" ? Give any four instances of such incomes.
 - d) Who is entitled to claim the deduction u/s 80 CCC ? Explain the provision of this section.