

**GS-528**

VI Semester B.B.A. Examination, May/June - 2019

**BUSINESS ADMINISTRATION****6.3 Income Tax****(CBCS) (F+R) (2016-17 & Onwards)**

Time : 3 Hours

Max. Marks : 70

**Instructions** : Answer should be written in **English** only.**SECTION - A****5x2=10**

1. Answer **any 5** sub-questions. Each carries **2** marks.
- Define Person.
  - State any two canons of taxation.
  - What is meant by profit in lieu of salary ?
  - What is Annual Value of House Property ?
  - Define Business.
  - What is capital gain ?
  - What are tax free commercial debentures ?

**SECTION - B**Answer **any 3** questions. Each carries **6** marks.**3x6=18**

2. Mr. Robert, a citizen of America, comes to India on 20<sup>th</sup> March 2017. On 1<sup>st</sup> September 2017 he leaves India for China on a business trip. He comes back on 26<sup>th</sup> February 2018. Determine his residential status for the AY 2018-19
3. Mr. Rajashekar is working as a marketing manager in a company in Mumbai. Particulars of his salary for the AY 2017-18 are as follows :
- Basic salary ₹ 15,000 pm
  - Bonus - 20% of salary
  - Conveyance Allowance - ₹ 2,500 pm (80% spent on official duty)
  - Entertainment Allowance - ₹ 3,000 pm
  - Employer's contribution to RPF - 15% of salary.
  - Transport Allowance - ₹ 1,000 pm for commuting between office and residence. Compute the income from salary for the AY 2018-19.
4. From the following information, compute the taxable income for the AY 2018-19 :
- Business Income - ₹ 8,46,000
  - Income from HP (computed) - ₹ 42,000
  - Interest on Govt. securities - ₹ 60,000
  - Long Term capital gains - ₹ 36,000
  - Cross word puzzles winnings - ₹ 21,000
- He has paid LIC premium ₹ 15,000

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5. Mr. Saravana is the owner of a house. The particulars are as follows :

	₹
Municipal Value	1,00,000
Fair Rent	1,30,000
Standard Rent	1,10,000
Actual Rent	10,500 p.m.
Unrealised Rent	10,500
Vacancy Period	1 month
Municipal Tax paid by the Tenant	2,000

Determine the taxable Income from HP for the AY 2018-19.

6. The Net Profit of Mr. Suman of Sonu Enterprises as per P/L A/C for the year ended 31<sup>st</sup> March 2018 after charging the following was ₹ 1,20,000.

	₹
(a) Office Expenses	1,500
(b) Interest on capital	10,000
(c) Salary to staff	58,000
(d) Bad debts written off	6,500
(e) Provision for bad debts	5,000
(f) Provision for Income tax	8,000
(g) Donation	5,000
(h) Depreciation allowable as per Act	6,000

Compute Income from business for the AY 2018-19.

### SECTION - C

Answer **any 3** questions. Each carries **14** marks.

**3x14=42**

7. Compute the taxable salary Income for the Ay 2018-19 of Mr. Anil kumar.
- Basic salary ₹ 25,000 p.m.
  - Employer's contribution to RPF ₹ 15,800
  - Interest on RPF at 12% ₹ 18,000
  - HRA of ₹ 24,000 (The house is in Chennai and rent paid by him is ₹ 50,000)
  - Conveyance allowance of ₹ 1,000 p.m (60% spent for official duties)
  - Entertainment allowance ₹ 500 pm
  - Education allowance for his 3 children ₹ 48,000
  - He paid LIC premium on his own policy ₹ 10,000
  - Hostel allowance for his 3 children ₹ 20,000
  - Professional tax paid by the employees ₹ 300 pm and paid by him ₹ 200 pm
  - Reimbursement of medical expenses ₹ 25,000 (treatment in a Govt. Hospital)



8. Mr. John is a foreign national furnishes the following particulars of income relevant for the PY 2017-18.
- (a) Profit on sale of Land at London ₹ 1,46,000 (50% received in India)
  - (b) Profit on sale of Plant at Delhi ₹ 1,02,000 (50% received in London)
  - (c) Salary from Indian company received in UK ₹ 60,000
  - (d) Interest on Singapor Development Bonds ₹ 40,000
  - (e) Income from property in England received there ₹ 30,000
  - (f) Income from agriculture in Nepal received there, but later remitted to India ₹ 10,000
  - (g) Dividend received in London from a company registered in India ₹ 17,000
  - (h) Profit from a business in Delhi, managed from India ₹ 49,000
  - (i) Rental Income from a property in Bangladesh, deposited by the tenant in a foreign branch of Indian Bank operating there ₹ 12,000
  - (j) Gift in foreign currency ₹ 2.70,000 ( $\frac{1}{3}$ <sup>rd</sup> of which is received in India)
- Determine the Gross Total Income of Mr. John for the AY 2018-19 if he is :
- (i) Resident (ii) Not-Ordinarily Resident and (iii) Non-Resident

9. Smt. Indira owns 4 houses. HP-I is let out for business purpose. HP-II is occupied for own business and HP-III and HP-IV are occupied for own residence. Following particulars are available with respect to these properties for PY 2017-18.

Particular	HP-I (₹)	HP-II (₹)	HP-III (₹)	HP-IV (₹)
Municipal Value	60,000	10,000	1,86,000	1,90,000
Fair Rental Value	78,000	36,000	1,54,000	1,90,000
Standard Rent	72,400	24,000	1,50,000	1,80,000
Annual Rent	84,000	-	-	-
Unrealised Rent	7,000	-	-	-
Municipal Tax :				
- Paid by Owner	3,000	8,000	12,000	16,000
- Paid by tenant	3,000	-	-	-

Determine Smt. Indira's Income from HPs for the AY 2018-19.

10. Mrs. Gowri is working as sales Executive in Maruthi Suzuki Ltd. Mumbai and her salary Income details are as follows :
- (a) Basic salary ₹ 21,000 p.m
  - (b) DA ₹ 7,000 pm (enters into retirement benefits)
  - (c) Bonus - two months basic salary
  - (d) Commission - 3% on sales, during the year she reached a sales target of ₹ 5,00,000
  - (e) Medical Allowance ₹ 1,400 pm (Medical expenses were ₹ 20,000)

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- (f) Entertainment Allowance ₹ 3,000 pm  
 (g) Children's Hostel Allowance for her two children @ ₹ 500 p.m per child ₹ 12,000  
 (h) RPF company's contribution ₹ 6,000 pm  
 (i) RPF employec's contribution ₹ 5,000 pm  
 (j) Interest accrued on RPF @11% ₹ 44,000  
 (k) Diwali Gift ₹ 7,000  
 (l) Holiday home facility at Kulu ₹ 26,000  
 Compute Taxable salary for the A Y 2018-19.

11. Following is the P/L A/C of Mr. Shckar for the year ended 31<sup>st</sup> March 2018.

Particulars	₹	Particulars	₹
To Salaries	3,30,000	By Gross Profit	5,00,000
To Office expenses	36,000	By Bad debts recovered	20,000
To Depreciation	28,000	By Dividends	6,000
To Sales Tax	18,000	By Rent from HP	18,000
To Legal Expenses	16,000	By Commission	20,000
To Income Tax	14,000	By Brokerage	20,000
To Expenses on Patent Rights	24,000	By SundryReceipts	10,000
To Repairs	12,000	By Share of income from HUF	6,000
To Donations	4,000	-	-
To Provision for Bad debts	6,000	-	-
To General Expenses	24,000	-	-
To Net Profit	88,000	-	-
	6,00,000		6,00,000

**Additional Information :**

- (a) Salaries Includes ₹ 12,000 paid to the workers employed at home  
 (b) Legal expenses Include ₹ 2,000 paid to the lawyer in connection with personal case  
 (c) Out of bad debts recovered only ₹ 8,000 were allowed as deduction earlier.

Compute the taxable Income from business of Mr. Shekar for the A Y 2018-19.