

PSG COLLEGE OF ARTS & SCIENCE
(AUTONOMOUS)

BCom DEGREE EXAMINATION MAY 2019
(Third Semester)

Branch - COMMERCE (PROFESSIONAL ACCOUNTING)

INCOME TAX

Time : Three Hours

Maximum : 60 Marks

SECTION-A (10 Marks)

Answer **ALL** questions

ALL questions carry **EQUAL** marks (5 x 2 = 10)

- 1 What is previous year?
- 2 Define annual value.
- 3 What do you understand by the term 'business'?
- 4 State the meaning of the term 'cost of Acquisition'.
- 5 What is meant by TDS?

SECTION -B 120 Marks!

Answer **ALL** questions

ALL questions carry **EQUAL** Marks (5 x 4 = 20)

- 6 a What are the features of income?

OR

- b Mr. Sen comes to India on 10th May 2015 after staying for 10 years in USA. He stays in India up to 4th January 2018 and leaves. India on 5th January 2018 for USA. During his stay in India he did not stay for more than 15 days at any particular place as he was exploring the possibilities of a new business. Determine his residential status for the previous year 2017-18.

- 7 a Mr. Hari is employed at Amritsar on a salary of Rs.30,000 P.m. The employer is paying HRA of Rs. 8,000 P.M. but the actual rent paid by him (employee) is Rs. 12,000 P.M. He is also getting 2% commission on turnover achieved by him and turnover is Rs.50,00,000. Calculate his gross salary.

OR

- b Calculate ARV from the particulars given below: Actual rent - Rs. .7,000; MRV Rs.60,000 P.a. Standard rent - Rs.60,000 P.a; FRV. Rs.66,000 P.a. Assessee could not realize rent for two months and house also remained vacant for 2 months during the previous year 2017-18. What difference it would make if every thing else remaining the same but actual rent received is Rs. 6#^©## P.m.
#OOD

- 8 a State the admissibility or not, of the following items in Business head:
- i) Commission paid Rs. 10,000 to secure order for business.
 - ii) Rs.2,00,000 compensation paid to an employee for premature termination of services for illegal activities.
 - iii) Stock was lost in fire Rs.30,000 debited to P & L a/c.
 - iv) Loss due to embezzlement by an employee Rs.8,000.
 - v) Purchase of building Rs.3,00,000.

OR

- b From the following, compute the taxable income under the head income from business. Profit before adjusting the following item is Rs.5,50,000.

	Rs.
Administration expenses	10,000
Trade expenses	5,000
House hold expenses	3,000
Discount allowed	4,000
Income tax	400
Provision for bad debts	2,000
Bad debts	3,000
Donation to PM National relief fund	4,000
Legal fee	200

- 9 a Mr. Raj Singh par mar sold a plot of land at Jaipur on 1-6-2017 (CIT=272) for Rs. 14,40,000. He paid Rs. 40,000 as selling expenses. The plot was received by him on the death of his father on 15-3-2005 (C. 1.1=113). His father had acquired it on 1-4-1990 for Rs. .1,00,000 and its F.M.V on 1-4-2001 was Rs.3,10,000.

On 1-10-2017 he invested Rs.3,00,000 in bonds issued by Rural Electrification corporation Limited notified u/s 54 Ec and Rs.2,00,000 on 1-3-2018 in Bonds of National Highway Authority of India.

Compute his taxable capital gain.

OR

- b Give any ten examples of income from other sources.

- 10 a From the following particulars compute the total income of Mr. David for the Assessment year 2018-19.

	Rs.
Loss from house property	(-) 10,000
Short term capital gain on sales of shares	1,05,000
Long term capital loss on sale of bonds	(-) 85,000
Other sources: Interest on Government securities	10,000

The assessee has unabsorbed depreciation of Rs.25,000 being brought forward from 2015-16. Assessee had closed the business and all the assets have been disposed of.

OR

- b What are the donations allowable as deductions u/s, 80 G and to what extent?

PART-C 130 Marks!

Answer any **THREE** questions

ALL questions carry **EQUAL** Marks (3 x 10 = 30)

- 11 Explain how to determine the residential status of an Individual.

- 12 Mr. A, an employee of Ranchi (population 15 Lakhs) based company provides the following particulars of his salary income:

i) Basic salary	Rs. 12,000
ii) Profit Bonus	12,000
iii) Commission on turnover achieve by Mr. 'A'	42,000
iv) Entertainment allowance	2,000 P.m.
v) Club facility	6,000
vi) Transport allowance	1,800 P.m.
vii) Free use of car of more than 1.6 It. capacity for both personal and employment purposes: Expenses are met by employer	
vii) Rent free house provided by employer Lease rent paid by employer.	6,000 P.m.
ix) Free education facility for three children of the employee (Bills issued in the name of employer)	₹5,500
x) Gas water and electricity bills issued in the name of employee but paid by employer	16,800

Compute income under the head salary for the Assessment year 2018-19.

- 13 From the following statement compute the income from profession of Dr.S.K.

Kapoor if accounts are Maintained on cash/receipt basis.

	Rs		Rs
To Dispensary rent	36,000	By visiting fees	45,000
To Electricity chares	6,000	By Consultation fees	1,25,000
To Telephone expenses	6,000	By sales of Medicines	72,000
To salary to Nurse	36,000	By Dividends	5,000
To Depreciation on surgical equipment	6,000		
To purchase of Medicines	36,000		
To Depreciation X-ray Machine	4,000		
To Income tax	5,500		
To Donation to Rama Krishna Mission	4,000		
To Motor car Expenses	9,600		
To Depreciation on car	4,800		
To Net Income	93,100		
	2,47,000		2,47,000

13 Cont...

Notes:

- i) Electricity charges include domestic bill of Rs.2,500.
- ii) Half of Motor car expenses are for professional use.
- iii) Telephone expenses include 40% for personal use.
- iv) Opening stock of medicines was Rs.6,000 and closing stock was Rs.4,000.

14 Sri Hari Gopal is a member of parliament from Bangalore. During the previous year 2017-18 he had the following incomes:

- i) As a member of parliament he received a salary of Rs.2,500 P.m. and daily allowance of Rs. 15,100 for attending the various sessions.
- ii) He held the following investments:
 - a) 10% preference shares in M.Y.sugar works Ltd. of the face value of Rs.5,000.
 - b) 1,000 equity shares of Rs. .10 each in Tata finlay Ltd. The company declared interim dividend of 15% on 15th Feb,2017 but paid on 1st June 2017 and final dividend of 10% on 30-3-2018.
 - c) A 10% Fixed deposit of Rs.10,000 is held by him in Indian Bank. Interest is credited annually.
 - d) He received dividend of Rs500 from a co-operative society.
- iii) He won Rs.8,000 in crossword Puzzles.
- iv) On 1-9-2017 he purchased a plot of land for constructing his house. On account of shortage of funds he could not get the house constructed and hence let out the plot atRs. 150 P.m. from 1-11-2017.
- v) He has let out on hire, machinery and furniture and also building to Mr.Krishna at a monthly rent of Rs.5,000. He spent Rs. 1,500 on the repair of machinery, furniture and building during the previous year. Depreciation allowed on these assets for the previous year was Rs. 10,000.

Compute the taxable income of Sri. Hari Gopal under the head Income from other sources:

15 Mr. Ravi, a resident of India, submits the following particulars of his income for the A.Y.2018-19.

	Rs.
Income from salary	32,400
Income from house let out	7,000
Profit from Hardware business	1,600
Profit from printing business	19,000
Speculation income	2,200
Short term capital gain	11,00
Long term capital gain	3,000
Current year depreciation of Hardware business	1,200

The following items have been brought forward from preceding assessment year:

	Rs.
Loss from Automobile business discontinued in 2015-16	1,200
Loss from Hardware business (2004-2005)	1,100
Loss from printing business (2012-13)	1,200
Unabsorbed depreciation of business	1,000
Speculation loss of A. Y.2011-2012	5,000
Unabsorbed family planning expenditure	11,000
Short term capital loss from the year 2013-14	15,000
Long term capital loss from the year 2006 -07	16,000
Speculation loss of A.Y.2016-17	2,000

Compute the total income of Mr.Ravi for the A.Y. 2018-19.