

B.Com. (Semester – VI) Examination, October/November 2017
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** questions from the following : (4×5=20)

- a) Mr. Raman who is an Indian citizen returned to India on 28th June, 2015 on a visit. He left India on 25th October, 2015. Prior to 1st April, 2015, he was in India for more than 365 days during the preceding four years i.e. 2011-12 to 2014-15. What is his residential status for the Assessment Year 2016-17 ?
- b) Define the term "Income" as per Income Tax Act, 1961.
- c) Ms. Sonia is an employee of a firm. She went to Chennai with her husband, son and daughter. She incurred the following expenses for the tour.
- Travelling expenses to Chennai and back by train Rs. 3,000 per head.
 - Sightseeing, lodging and boarding expenses at Chennai Rs. 6,500 per head.

Her employer reimbursed her all the expenses of the tour.

Compute the Leave Travel Concession exemption and the balance taxable amount.

- d) Mr. Mahir is a Non-Government employee and not covered by the Payment of Gratuity Act, 1972. He retires on 30th June, 2015 and receives Rs. 11,00,000 as gratuity after a service of 30 years and six months. His average monthly salary during the last 10 months immediately preceding the month of retirement was Rs. 40,000 per month.

Determine the amount of gratuity taxable and exempt for the Assessment Year 2016 – 17.



- e) From the following figures you are required to calculate the depreciation admissible as per Income Tax Act, 1961, for Assessment Year 2016-17.

Particulars	Plant and Machinery (Rs.)	Furniture (Rs.)
WDV at the beginning of the year	5,00,000	2,50,000
Purchased on 1 st August, 2015	1,50,000	1,00,000
Sales during the year	2,00,000	50,000
Rate of depreciation	25%	15%

2. a) Mr. John is working with the Income Tax Department, Margao-Goa. He furnishes you with the following information of his income for the financial Year 2015-16.

10

- i) Basic salary Rs. 25,000 per month.
- ii) Bonus received Rs. 5,000.
- iii) House rent allowance Rs. 4,000 per month. (Exempt Rs. 3,000 per month).
- iv) Children's education allowance Rs. 350 per month for 1 child.
- v) Entertainment allowance Rs. 1,000 per month.
- vi) Perquisite value of car Rs. 9,000 being used for personal purpose.
- vii) Profession Tax Rs. 1,500 paid by Mr. John for the Year 2015 – 16.

Compute the taxable income from salary of Mr. John for the Assessment Year 2016 – 17.

- b) Mr. Om is the owner of "Omkar Industries". The Profit and Loss Account for the year ending 31st March, 2016 is as follows :

10

Particulars	Rs.	Particulars	Rs.
To salary to staff	34,000	By Gross Profit b/d	4,13,000
" Office lighting	3,000	" Gift from friend	50,000
" Reserve for doubtful debts	4,700	" Winning from Lottery	20,000
" Depreciation on			
Machinery	23,000		
" Advertisements	12,600		
" Life Insurance Premium			
Self-9,000 Staff-11,000	20,000		



" Income Tax paid	7,600	
" Gift to Staff	6,900	
" Pooja expenses	2,450	
" Net Profit c/d	3,68,750	
	4,83,000	4,83,000

Additional Information :

- i) Advertisement includes Rs. 5,000 for the advertisement for political party.
- ii) Depreciation allowable as per Income Tax Act, 1961 is Rs. 22,000.

Compute the taxable Income from business of Mr. Om for the Assessment Year 2016 – 17.

3. Mr. Tuku, who is severely disabled, as certified by medical authority and whose capacity to work is substantially reduced, was working in M/s Furniture Craft Ltd. till 31st December, 2015. He gives you the following information for the 9 months ended 31st December, 2015.

20

- I) Salary per month Rs. 10,000.
- II) Ex-gratia Rs. 3,000.
- III) Dearness allowance per month Rs. 7,500.
- IV) City compensation allowance Rs. 200 per month.
- V) Arrears of salary Rs. 7,500.
- VI) Overtime wages Rs. 3,000.
- VII) Travelling allowance received Rs. 1,200 per month.
- VIII) Perquisite value of water and electricity Rs. 1,400.

After leaving the above job, he started legal practice as an advocate from 1st January, 2016. He gives you the following Receipt and Payment Account for the 3 months ended 31st March, 2016.

Receipts	Rs.	Payments	Rs.
To cash on hand (1-1-2016)	5,000	By Printing and Stationery	300
" Fees received from clients	60,240	" Telephone charges (½ for residential use)	1,000
		" General expenses	3,000
		" Donations	1,000



" Purchase of computer	15,000
" Salary to staff	3,000
" Books and periodicals	500
" Electricity charges (30% for office use)	1,500
" Mediclaim policy for self	6,000
" Preventive medical check for wife	6,000
" Life Insurance Premium for daughter	3,000
" Cash in hand (31-3-2016)	24,940
65,240	65,240

Calculate the total taxable income of Mr. Tuku for the Assessment Year 2016 – 17.

4. Write short notes on the following : (4×5=20)
- Scope of total income.
 - Exemption available toward house rent allowance u/s 10 (13A).
 - Taxable perquisites.
 - Assessee u/s 2(7).
5. Answer the following questions : (4×5=20)
- What is the deductions available u/s 24 in case of "Let Out House Property" ?
 - Briefly explain the amounts not deductible u/s 58 while calculating "Income from Other Sources".
 - Briefly explain the exemption available u/s 10 in respect of pension.
 - Explain the deduction available u/s 80E.
6. Answer the following questions : (4×5=20)
- What do you mean by "Gross Total Income" ? Write any four heads of Income considered for calculating Gross Total Income.
 - Explain the provision of recovery of unrealized rent u/s 25AA.
 - Write any three deductions available u/s 57, while computing income from other sources.
 - Explain any five items of investment/payment eligible for deduction u/s 80C.