



B.Com. (Semester VI) Examination, April 2018
COST AND MANAGEMENT ACCOUNTING (Major - 1) (New Course)
Income Tax

Duration : 2 Hours

Max. Marks : 80

Instructions : 1) Q. 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 : (4x5=20)

a) Anil has a flower shop business which he started on 25th February 2016. On 31st December 2016, he started yet another business of a stationery shop. Determine the relevant previous years for the two types of businesses i.e. flower vendor and stationery shop respectively, for the assessment year 2017-18.

b) Samaa, who is a resident of Mumbai, receives house rent allowance from her employer Rs. 7,000 per month. She pays rent Rs. 5,500 per month and she receives a monthly salary of Rs. 23,000. Calculate the house rent allowance exempt u/s 10 (13A) and taxable amount of HRA.

c) Shambhavi retires on 16th May 2016, after serving Goa Carbon Pvt. Ltd. for 19 years and 3 months. She is not covered by The Payment of Gratuity Act, 1972. Her average monthly salary for the last 10 months prior to the month of retirement was Rs. 48,000. On her retirement, she received Rs. 5,00,000 as gratuity. Compute the amount of gratuity exempt and taxable.

d) Briefly explain the 'Gross Total Income' under The Income Tax Act, 1961.

e) From the following figures, calculate the amount of depreciation admissible to an individual carrying on business, for the assessment year 2017-18.

Particulars	Computers	Plant and Machinery
	Rs.	Rs.
WDV at 1 st April, 2016	3,75,000	10,00,000
Additions during the year	1,80,000	Nil
	(on 30-11-16)	
Sales during the year	1,75,000	1,40,000
Rate of depreciation	15%	10%



2. A) Given below are the particulars of the income from salaries of Geeta, who is working in a Government Department at Vasco, for the year ended 31st March 2017.

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- I) Basic salary Rs. 90,000 per month.
- II) Dearness allowance p.m. – 10% of basic.
- III) Entertainment allowance received Rs. 2,500 p.m.
- IV) Transport allowance received Rs. 22,000.
- V) Remuneration from her Department for being co-ordinator of the workshop carried out for colleagues Rs. 6,000.
- VI) Basic salary of half month, taken as advance.
- VII) Provision of rent free accommodation. Perquisite value Rs. 35,000.
- VIII) She was given Rs. 5,000, cash prize for being the best member of a social club in Vasco.

Compute the Income from Salaries of Geeta for the assessment year 2017-18.

- B) Avtar is the owner of Magic Biscuit Industries. The Profit and Loss A/c of which is provided below for the year ended 31st March 2017.

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Particulars	Rs.	Particulars	Rs.
To Printing and stationery	15,000	By Gross profit b/d	4,54,700
To Staff salary and wages	71,000	By Winnings from lotteries	20,000
To Travelling expenses	24,500	By Rent from house property	30,000
To Rent paid	32,000		
To Reserve for doubtful debts	5,000		
To Depreciation on machinery	9,000		
To Advertisement	7,000		
To LIC premium :			
Staff (accident)	9,000		
Wife	<u>4,000</u>		
	13,000		
To Income tax paid	4,500		
To Donations	3,000		
To Net profit c/d	3,20,700		
	5,04,700		5,04,700



The following additional information has been provided :

- I) Rent paid to wife to the extent of Rs. 12,000 was found to be unreasonable, according to the Assessing Officer.
 - II) Advertisement includes Rs. 4,000 for that in the souvenir of a political party.
 - III) Depreciation allowable on machinery, as per Income Tax Rules Rs. 7,000.
- Compute the Income from Business of Avtar for the assessment year 2017-18.

3. Mrs. Jyotsna, aged 59 years, was working as a music teacher in a Government College, where she worked till 31st December 2016. She received the following emoluments till that date :

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- I) Basic salary Rs. 47,000 per month.
- II) Transport allowance Rs. 2,000 per month.
- III) Profession tax paid for by employer on her behalf Rs. 2,500.
- IV) Arrears of last year's salary received Rs. 45,000,
- V) Children's Education allowance 1,500 per month for 1 child.

Immediately after retiring, she started her own Music Training Centre as on 1st January 2017 for which The Receipts and Payments Account of the 3 months ended 31-3-17 was as follows :

Receipts	Rs.	Payments	Rs.
To Opening balance		By Rent of Music Centre	6,000
Bank	90,000	By Electricity expenses	2,300
To Fees for music classes	65,000	By Salary to staff	12,000
To Gifts from students	8,000	By Investments :	
To Dance class fees	44,000	Public Provident Fund	24,000
To Fees for instrumental training	36,000	LIC premium (Husband)	12,000
		By Purchase of musical instruments	60,000
		By Mediclaim (self)	12,600
		By Expenses of training workshop	28,000
		By Bank balance c/d	86,100
	2,43,000		2,43,000

The expense of training workshop was paid by her to the resource person in cash. Compute the Total Taxable Income of Jyotsna for the assessment year 2017-18.



4. Write short notes on the following : (4x5=20)
- Determination of residential status of an individual assessee.
 - Exemption available for leave travel concession u/s 10(5).
 - Taxable perquisites.
 - The term 'person' as defined u/s 2(31).
5. Answer the following questions : (4x5=20)
- Explain the provision of set off of loss from self occupied house property.
 - Briefly explain any five incomes falling under "Income From Other Sources".
 - Write in brief any two items of income exempt u/s 10.
 - Explain the deduction available u/s 80 CCB.
6. Answer the following questions : (4x5=20)
- Briefly explain the term 'Assessment Year' with an example.
 - What do you mean by "Annual value of house property" ?
 - Explain the deduction on account of family pension u/s 57.
 - Explain the deduction available u/s 80E.