



B.Com. (Semester – V) Examination, October/November 2018
ACCOUNTING MAJOR 2 : INCOME TAX AND GOODS AND SERVICE TAX
(Paper – I)

Duration : 2 Hours

Max. Marks : 80

- Instructions :**
- i) Question No. 1 is **compulsory**.
 - ii) Answer **any 3** questions from the remaining questions.
 - iii) Figures to the **right** indicate marks **allotted**.
 - iv) Show important working notes as **fair work**.

1. A) Mr. Bekaar is an Indian citizen and a member of the crew of a Singapore bound Indian ship engaged in carriage of passengers in international traffic. He joined the ship on 5th June, 2017, the date on which the ship departed from Chennai port. The ship returned back to Mumbai port on 10th December, 2017, where he signed off.

Determine the residential status of Mr. Bekaar for A.Y. 2018-19, assuming that his stay in India in the last 4 previous years (preceding P.Y. 2017-18) is 400 days and last seven previous years (preceding P.Y. 2017-18) is 750 days.

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B) Mr. Kangaal, received education allowance of Rs. 80 p.m. for his 1st child, Rs. 90 p.m. for his 2nd child and Rs. 120 p.m. for his 3rd child. He also received children hostel allowance of Rs.6,000 p.a. per child for two children. Find taxable Children Education Allowance and Hostel allowance.

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C) The written down value of block of assets consisting of Plant P and Q of Mr. Padisher was Rs. 1,55,000 as on 1-4-2017. The rate of depreciation is 25%. The following further information is available.

Asset	Rate of Dep.	Date of Purchase	Put to use	Actual Cost
Plant R	25%	30-04-2017	30-04-2017	40,000
Plant S	25%	20-05-2017	15-12-2017	50,000
Plant T	25%	20-02-2018	10-04-2018	35,000

Plant P was sold on 17-08-2017 for Rs. 90,000. Compute the admissible depreciation of Mr. Padisher for the assessment year 2018-19.

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D) Define 'Composite Supply' and 'Mixed Supply' under the CGST Act, 2017.

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2. Mr. Kadki is an employee of XYZ Ltd. since 1993. Apart from salary he also received an entertainment allowance of Rs. 4,500 p.m. since 1-4-1993. The other particulars for the year ended 3-13-2018 are as follows :

- a) Salary Rs. 20,000 p.m. (including entertainment allowance but net of deduction for tax and P.F.)
- b) The company gave him a loan of Rs. 5,00,000 at concessional interest rate in January 2017 for the purchase of motorcar. The company deducts Rs. 1,000 p.m. from his salary as loan repayment. The perquisite value of the same is Rs. 30,000.
- c) P.F. deducted from salary Rs. 5,000 p.m.
- d) Bonus received Rs. 28,000.
- e) Commission due Rs. 42,000 @ 0.05% of net profit.
- f) Special allowance Rs. 500 p.m.
- g) He is given a furnished house, the taxable value of the perquisite being Rs. 3,500 p.m.
- h) He was given a car for his exclusive use during office hours. The employer has spent Rs. 20,000 for petrol and other expenses.
- i) He receives conveyance allowance of Rs. 4,000 p.m. He spent Rs. 51,000 for commuting on business work.
- j) Deduction for tax Rs. 4,000 p.m.
- k) Free lunch provided by the employer Rs. 1,500 p.m. Value of the perquisite Rs. 2,400.
- l) Employer's contribution to unrecognized provident fund Rs. 3,800 p.m. (Mr. Kadki contributes the same amount). Interest @ 12% is credited to this fund.
- m) Perquisite value of free domestic servant provided Rs. 9,600.
- n) Uniform allowance Rs 2,400 (Amount actually spent Rs. 1,200).
- o) Perquisite value of free electricity provided Rs. 1,800 and free water provided Rs. 3,300.
- p) Telephone facility provided at residence Rs. 13,000 (phone is partly used for personal purposes).
- q) He spent Rs. 300 on technical books, Rs. 2,500 as profession tax and Rs. 6,850 for conveyance between office and home.
- r) Reimbursement of medical expenses for treatment in an approved hospital Rs. 48,000.

Compute his income from salary for Assessment year 2018-19.



3. The Profit and Loss A/c of Mr. Nirdhan for the year ended 31st March, 2018 is as follows :

	Rs.		Rs.
Salary to staff (including to son Rs. 20,000 and self Rs. 10,000)	60,000	Gross profit b/d	1,12,000
Rates and taxes	2,500	Commission	10,000
Establishment expenses	10,000	Discount	5,000
General expenses	10,000	Sundry trade receipts	20,000
Bad debts	5,000	Interest from debtors on late payment of bills	8,000
Rent (25% for residence)	10,000	Income tax refund (inclusive of interest Rs. 1,000)	10,000
Discount	5,000	Bad debts recovered	5,000
Reserve for bad debts	2,500	Winnings from lotteries	6,000
Life insurance premium	5,000	Award from Goa Chamber of Commerce and Industries	25,000
Advertisement expenses	3,000	Gift from wife	9,000
Household expenses	6,000		
Interest on bank loan	5,000		
Income tax	10,000		
Postage and stationery	10,000		
Fire insurance	2,500		
Interest on capital	7,500		
Depreciation	10,000		
Gifts and presents to staff	8,000		
Charity and donations	2,000		
Repairs to car	6,000		
Net profit	30,000		
	2,10,000		2,10,000



Additional information :

- 1) Amount of depreciation allowed as per Income Tax Rules Rs. 15,000.
- 2) Advertisement expenses include Rs. 2,000 incurred on advertisement in a souvenir of a political party.
- 3) Bad debts recovered were allowed as deduction in earlier assessment years.
- 4) General expenses include Rs. 1,000 paid as penalty imposed by Income Tax Dept.
- 5) The interest on loan from bank was not paid till return was filed by Mr. Nirdhan.
- 6) Life insurance premium is paid on the life of Mrs. Nirdhan.
- 7) Salary paid to son is considered reasonable.

Compute the business income of Mr. Nirdhan for the A.Y. 2018-19. 20

4. Answer in short **any four** of the following in relation to Income Tax Act : 20
 - a) Definition of 'Previous Year'.
 - b) Definition of 'Person'.
 - c) Scope of Total Income u/s 5 in case of an individual.
 - d) Exemption in respect of Leave Travel Concession in India u/s 10(5).
 - e) Exemption in relation to amount received on insurance policies u/s 10(10D).
5. Answer in short **any four** of the following in relation to Income Tax Act : 20
 - a) Definition of 'Assessee'.
 - b) Provisions of Section 5A.
 - c) Exemption in relation to Interest on Securities u/s 10(15).
 - d) Definition of Profit in lieu of salary u/s 17(3).
 - e) Provisions for computation of Income u/s 44 AE.
6. a) Answer the following in relation to Income Tax Act :
 - i) Deduction available for Professional Tax u/s 16(iii). 5
 - ii) Deductions to be allowed only on actual payment basis u/s 43B. 5
- b) Explain 'Time of Supply of Services' in relation to Goods and Service Tax. 10