

B.Com. (Semester - V) Examination, April/May 2019
Accounting Major - 2 : INCOME TAX AND GOODS AND SERVICE TAX
(Paper - I)

Duration : 2 Hours

Max. Marks : 80

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

1. A) Following is the income of 'Mr. Anand', a citizen of India for the previous year 2017 - 18.

	Rs.
1) Interest on Savings Bank Deposit in Corporation Bank, Goa	12,000
2) Dividend received in USA from an English Company, out of which Rs. 2,000 was remitted to India	15,000
3) Salary drawn for two months for working in Indian Embassy's office in Australia and salary received there	48,000
4) Income from business in Iraq, the business being controlled from India	25,000
5) Pension received in Belgium for services rendered in India with limited company	10,000

You are required to compute his gross total income for assessment year 2018 - 19 if he is :

- a resident but not ordinarily resident and
- a non-resident.

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B) 'Ms. Khushi', a resident of Vasco-Da-Gama, Goa receives Rs. 2,75,000 per annum as basic salary during the previous year 2017 - 18.

In addition, she gets Rs. 25,000 per annum as dearness allowance (considered for all retirement benefits). She also gets commission @ 1% on net profit of the company (net profit of the company was Rs. 12,00,000 during the previous year) and Rs. 36,000 per annum as house rent allowance. She pays Rs. 3,000 per month as house rent.

Determine the amount of house rent allowance exempt from tax for the assessment year 2018 - 19.

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C) 'Mr. Hasmukh' is engaged in the business of carriage of goods in India. As on 1st April, 2017, he owned 7 goods carriages (including 4 heavy goods carriages). On 15th July, 2017, he sold 1 heavy goods carriage and on 28th September, 2017 he purchased 3 new light goods carriages. The heavy carriage which was sold had a major break down and he could not use it for a month before sale.

Ascertain his income under Section 44AE for the Assessment Year 2018 - 19. 5

D) Define a 'Person' under the CGST Act, 2017. 5

2. 'Mr. Sukhi', having 45% disability, is employed with Tarangan Ltd., Panaji. He worked in Margao branch till 30th September, 2017 and was transferred to Mapusa branch on promotion from 1st October 2017. From the following particulars, compute his income from salary for the assessment year 2018 - 19.

	Rs.
Basic Salary – Rs. 13,000 p.m. till 30 th September 2017	
– Rs. 15,000 p.m. w.e.f. 1 st October 2017	
Dearness Allowance	18,000
Leave salary	10,000
Employer's contribution to Recognised P.F.	25,000
Interest credited to Recognised P.F. @ 10%	22,000
Personal expenses of assessee's son met by the employer	10,000
Rent-free unfurnished house provided by the employer – perquisite value	96,000
Medical allowance (actual medical expenditure incurred during the year Rs. 6,300)	600 p.m.
LTC received from employer as per prescribed rules (no journey undertaken)	21,000
Reimbursement of health insurance of assessee's wife by the employer	5,340
Personal club bills of the assessee reimbursed by the employer	2,400
Unit Linked Insurance Plan (Life) Contribution paid by the employer	6,000
Children Education Allowance @ Rs. 80 for 3 children	2,880
Transport Allowance (spent Rs. 2,900 p.m.)	3,400 p.m.
Profession tax paid	2,200
On his promotion, he was presented with a gift cheque of Rs. 10,000 by his colleagues from Margao branch by collecting voluntary contributions.	20



3. 'Mr. Happy' is the proprietor of a business. The following was the Profit and Loss Account of his business for the year ended 31-3-2018.

	Rs.		Rs.
To Office salaries	1,90,000	By Gross profit	4,25,000
To Proprietor's salary	60,000	By Profit on sale of residential	
To General expenses	45,000	House	90,000
To Telephone expenses	8,000	By Bad debts recovered	
To Bad debts	11,500	(disallowed in earlier	
To Advertisements	8,400	assessment years)	24,000
To Fire insurance premium	1,500	By Interest on Government	
To Depreciation	11,700	Securities	14,000
To Motor car expenses	8,500	By Dividend received from	
To Legal charges for defending		agricultural companies	6,000
suit for alleged breach of a		By Interest from Bank A/c	2,000
trading contract	4,000	By Income from horse racing	10,000
To Donation to a local sports club	10,000		
To Interest on proprietors capital	15,000		
To Reserve for future losses	4,000		
To Income tax paid on last			
assessment	7,100		
To Life insurance premium	6,000		
To Advance income tax	4,000		
To Net profit	1,76,300		
	5,71,000		5,71,000

Further information is given :

- a) General expenses include Rs. 5,000 paid as compensation to an old employee whose services were terminated as his continuance in service was considered detrimental to the profitable conduct of the business and Rs. 1,000 as help to poor university student.
 - b) Advertisements include Rs. 1,800 on spent on printing of calendar and diaries.
 - c) One fourth of the motor car expenses are for personal use of the car.
 - d) The depreciation is found to be in excess by Rs. 2,000 compared to the amount allowable under Income-tax Rules.
 - e) Reserve for future losses represents a demand for GST under dispute.
- Compute his income under the head 'Profits and Gains of Business or Profession' for the Assessment Year 2018 – 19.



4. Answer in short **any four** of the following in relation to Income Tax Act : (4×5=20)

- a) Definition of 'Assessee'.
- b) Definition of 'Company'.
- c) Provisions for persons governed by Portuguese Civil Law U/S 5A.
- d) Exemption in relation to Educational Scholarships U/S 10(16).
- 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 : (4×5=20)

- a) Definition of 'Gross total income'.
- b) Provisions for determining the residential status of HUF.
- c) Exemption in relation to income of minor child U/S 10(32).
- d) Deduction for Entertainment Allowance U/S 16(ii).
- e) Computation of income on estimated basis U/S 44AD.

6. a) Answer the following in relation to Income Tax Act :

- i) Profits in lieu of Salary U/S 17(3). 5
 - ii) Excessive or unreasonable expenditure U/S 40A(2). 5
- b) Explain 'Time of Supply of Goods' in relation to Goods and Service Tax. 10