



MS – 509

VI Semester B.B.M. Examination, May 2016
(Semester Scheme) (2014 – 15 and Onwards)
(Fresh + Repeaters)

BUSINESS MANAGEMENT
Paper – 6.3 : Income Tax

Time : 3 Hours

Max. Marks : 100

Instruction : Answer should be written **only in English**.

SECTION – A

1. Answer **any eight** sub-questions. **Each** sub-question carries **two** marks. **(8×2 = 16)**

- Who is a deemed assessee ?
- Define agricultural income.
- What is meant by perquisites ?
- Give the meaning of short term capital asset.
- What are less-tax securities ?
- Who is a Non-Resident individual ?
- What is meant by pre-construction interest ?
- Give the meaning of Gross Total Income.
- Mention any two exempted incomes.
- What is a casual Income ?

SECTION – B

Answer **any three** questions. **Each** question carries **eight** marks. **(3×8 = 24)**

2. Mr. Vijay an Indian citizen left India for the first time on 01-04-2008 and came back to India on 1-9-2011. Again he left India on 1-8-2014.

Determine his Residential status for the A.Y. 2015 – 16.

3. Mr. Rajan retires from service on 30-6-2014. He is paid a pension of Rs. 8,000 p.m. He commutes 75% of his pension on 1-9-2014 and received Rs. 4,50,000 as commuted pension.

Compute the taxable commuted pension for the A.Y. 2015 – 16, assuming that :

- He is a government employee
- He is a non-government employee who does not receives gratuity
- He is a non-government employee who receives gratuity.

4. Mr. Saravana is the owner of a house. The particulars of which are given below :

| | Rs. |
|------------------------------|-------------|
| Municipal Value | 1,00,000 |
| Fair Rent | 1,30,000 |
| Standard Rent | 1,10,000 |
| Actual Rent | 10,500 p.m. |
| Unrealised rent | 10,500 |
| Vacancy Period | 1 month |
| Municipal Tax paid by owner | 17,500 |
| Municipal Tax paid by tenant | 2,000 |

Determine the Taxable Income from House Property for the A.Y. 2015-16.

P.T.O.



5. Mr. Arun is working as a manager in a company at Chennai. Particular of his salary for the A.Y. 2015 – 16 are :

- a) Basic Salary Rs. 30,000 pm.
- b) D.A. Rs. 5,000 pm. (40% forming part of salary)
- c) Commission Rs. 1,000 pm.
- d) Conveyance allowance Rs. 3,000 pm. (60% spent for official duty)
- e) Employer contribution to R.P.F. – 15% of salary.

He has been provided with a house by the company for which a sum of Rs. 1,200 pm is deducted from his salary. The company pays a rent of Rs. 6,000 pm for this house to the landlord.

Compute the taxable value of the perquisite.

SECTION – C

Answer question No. 10 and any 3 of the remaining questions. Each question carries 15 marks. (4×15=60)

6. From the following particulars of Mr. Anand compute his Gross Total Income for the A.Y. 2015 – 16, if he is

- 1) Resident 2) Not ordinarily Resident 3) Non-Resident.

- a) Income from business in Kolar Rs. 1,00,000
- b) Profit from business in U.K. controlled from India Rs. 50,000
- c) Agricultural Income earned in Burma Rs. 40,000
- d) Salary received in India for services rendered in Japan Rs. 80,000.
- e) Profit from business in Nepal controlled from India ($\frac{1}{3}$ profit received in India) Rs. 60,000.
- f) Interest on Post Office Saving Bank A/c Rs. 1,000.
- g) Dividend received from Indian Company Rs. 8,000.
- h) Interest on deposit with State Bank of India Rs. 10,000.
- i) Past untaxed foreign income brought into India Rs. 4,000.
- j) Income from house property in Japan Rs. 30,000.
- k) Salary received in India for services rendered in U.K. Rs. 60,000.
- l) Interest received from a firm in U.K. later on remitted to India Rs. 40,000.
- m) Gift in cash from a friend received in India 60,000.
- n) Income from business in Chennai but received in U.K. 40,000.



7. Mrs. Praneetha is working as sales manager in TCS Ltd., Mumbai her salary income details are as follows :

- Basic salary Rs. 30,000 pm.
- Bonus equal to 2 months Basic pay.
- Commission @ 3% on sales, during the year she reached a sales target of Rs. 4,00,000.
- D.A. Rs. 10,000 pm. (40% enters into retirement benefits).
- Medical Allowance Rs. 2,000 pm. (Actual medical expenses Rs. 20,000).
- Entertainment allowance Rs. 3,000 pm.
- Children Education allowance for her two children Rs. 300 pm per child.
- Company's contribution to RPF Rs. 8,000 pm.
- Own contribution to RPF Rs. 3,000 pm.
- Interest accrued on RPF @ 11% Rs. 44,000
- HRA Rs. 3,000 pm. (Rent paid Rs. 4,000 pm)
- She is provided a car above 1,600 cc along with driver for both private and official use, all expenses are met by the company
- Professional tax of Rs. 200 pm of the employer paid by the company.

Compute taxable salary for A.Y. 2015 - 16.

8. From the following particulars of house properties of Mr. Rajesh compute his income from house property for the A.Y. 2015 - 16.

| Particulars | HP - I | HP - II | HP - III | HP - IV |
|-----------------------------|--------|---------|----------|---------|
| Municipal Rental Value | 15,000 | 20,000 | 18,000 | 19,000 |
| Fair Rental Value | 18,000 | 22,000 | 20,000 | 18,000 |
| Standard Rent | — | — | 19,000 | 20,000 |
| Actual Rent per month | — | — | 1,500 | 1,800 |
| Local taxes paid | 1,500 | 2,000 | 1,800 | 1,900 |
| Repairs charges | — | 5,000 | 2,000 | — |
| Unrealised Rent (2014 - 15) | — | — | 1,500 | — |
| Vacancy period | — | — | 2 months | — |

HP - I is used for own business, HP - II is self occupied for his own residence, HP - III is let out for business and HP - IV is let for residential purpose.

Mr. Rajesh borrows Rs. 1,00,000 @ 10% p.a. for construction of HP - II on 1-6-2007. The construction of all the houses is completed in May 2012.

Determine the Taxable Income from House Property for the A.Y. 2015 - 16.

9. Mr. Shekar presents you the Trading and P & L A/c for the P.Y. 2014 - 15. You are required to compute the business income for the A.Y. 2015 - 16.

| Particulars | Amount | Particulars | Amount |
|------------------|----------|------------------|----------|
| To Opening stock | 85,000 | By Sales | 3,94,000 |
| To Purchases | 2,40,000 | By Closing Stock | 1,10,000 |
| To Wages | 35,000 | | |
| To Freight | 12,000 | | |
| To Gross Profit | 1,32,000 | | |
| | 5,04,000 | | 5,04,000 |



| | | | |
|------------------------|-----------------|-----------------------------|-----------------|
| To Staff salary | 18,750 | By Gross Profit | 1,32,000 |
| To Office rent | 12,000 | By Interest on debenture | 17,800 |
| To Audit fee | 5,500 | By Bad debts recovered | 5,200 |
| To Income Tax | 32,000 | By Sundry income | 2,650 |
| To Car expenses | 15,000 | By Rent from house property | 90,000 |
| To General expenses | 58,650 | | |
| To Donation | 2,500 | | |
| To Sales tax provision | 16,000 | | |
| To Patents | 30,000 | | |
| To Interest on capital | 16,000 | | |
| To Depreciation on car | 18,000 | | |
| To Net profit | 23,250 | | |
| | 2,47,650 | | 2,47,650 |

Additional Information :

- Purchases includes a cash payment of Rs. 30,000
- Opening stock is undervalued by 15%
- Closing stock is overvalued by 10%
- 20% of car expenses relates to personal use
- Out of the sales tax provision, sales tax of Rs. 1,250 was paid before filing the return of Income.
- 40% of bad debts recovered were disallowed earlier.

10. Following is the Receipts and Payments A/c of Mr. Bansilal, an advocate for the year ended 31-3-2015

| Receipts | Amount | Payments | Amount |
|-----------------------------|-----------------|-----------------------------|-----------------|
| To bal. b/d | 10,000 | By Staff Salaries | 56,000 |
| To Arbitration fees | 2,40,000 | By Professional books | 18,000 |
| To Legal fees | 30,000 | By Refreshment charges | 6,000 |
| To Loan from bank | 25,000 | By Rent of office | 15,000 |
| To Rent from property | 45,000 | By Telephone charges | 18,000 |
| To Interest on bank FD | 21,000 | By Printing charges | 3,000 |
| To Dividend | 8,000 | By Electric charges | 6,000 |
| To Share of Income from HUF | 1,00,000 | By Purchase of car | 2,50,000 |
| | | By Computer purchased | 50,000 |
| | | By Car expenses | 7,000 |
| | | By Subscription to journals | 10,000 |
| | | By NSC Purchased | 14,000 |
| | | By B.A.R. Association fees | 2,000 |
| | | By Bal. c/d | 24,000 |
| | 4,79,000 | | 4,79,000 |

Additional Information :

- Half of the car expenses pertain to personal use
- Depreciation on car 15%, Computer 60% and books 100%
- 25% of telephone expenses relate to personal use
- Half of electric charges are for house property
- Gifts from clients Rs. 10,000 not included in the above account.
- Loan from bank is for personal use

Compute his income from profession for the A.Y. 2015 - 16.