

V Semester B.Com. Examination, November/December 2016  
(2016 – 17 and Onwards) (CBCS) (Fresh)  
Commerce  
5.3 : INCOME TAX – I

Time : 3 Hours

Max. Marks : 70

**Instruction :** Answers should be written **completely** either in **English** or in **Kannada**.

SECTION – A

1. Answer **any five** sub-questions. **Each** question carries **two** marks. (5×2 = 10)
- Define Assessment Year.
  - Mention any two examples of exempted incomes.
  - What is Standard Rent ?
  - Expand CBDT and PAN.
  - Give the meaning of salary for the purpose of calculating exempted RPF contribution by employer.
  - What do you mean by Agricultural Income ?
  - What is Capital expenditure ?

SECTION – B

Answer **any three** questions. **Each** question carries **six** marks. (3×6 = 18)

2. Mr. Kumar is a non- government employee getting pension of Rs. 16,000 per month from a company. During the previous year 2015–16 he got his  $\frac{2}{3}$ <sup>rd</sup> pension commuted and received Rs. 9,84,000. Compute taxable pension for the Assessment Year 2016 – 17.

P.T.O.



3. Mr. Ramesh is a citizen of America comes to India on 20-3-2015 for the first time and on 01-09-2015 he left India and went to Nepal on a business trip. Again he comes back to India on 26-02-2016. Determine his residential status for the Assessment Year 2016 – 17.
4. State whether the following are agricultural or non-agricultural Income.
- a) Income from agricultural land situated in Australia.
  - b) Income derived from sale of seeds.
  - c) Income from sale of forest trees of spontaneous growth.
  - d) Lease rent received from land given to tenants for agricultural operations.
  - e) Income derived from land used as stone quarries.
  - f) Income from sale of plants from nursery.
5. Explain the Canons of Taxation.
6. From the following information compute Net Annual value of House Property for the A.Y. 2016 – 17
- |   |              |
|---|--------------|
| Municipal value                               | Rs. 1,00,000 |
| Fair Rental value                             | Rs. 1,80,000 |
| Let out (per month)                           | Rs. 16,000   |
| Standard Rent                                 | Rs. 1,20,000 |
| Unrealised rent for one month                 |              |
| Municipal tax paid by owner of House Property | Rs. 20,000   |
| Municipal tax paid by tenant                  | Rs. 10,000   |



SECTION – C

Answer **any three** questions. **Each** question carries **fourteen** marks. (3×14 = 42)

7. Mrs. Smitha is working as Sales Executive in Maruthi Suzuki Ltd. Kolkata and her salary details are as follows for the previous year 2015 – 16

- a) Basic salary Rs. 21,000 per month
- b) Bonus equal to two months basic salary
- c) Commission 3% on sales (During the year she reached sales target of Rs. 5,00,000)
- d) Dearness allowance Rs. 7,000 per month. (Eligible for Retirement benefits)
- e) Medical allowance Rs. 1,400 per month. (Medical expenses Rs. 15,000 p.a.)
- f) Children Hostel Allowance for her two children @ Rs. 500 per month per child.
- g) Children Education Allowance for her two children @ Rs. 400 per month per child.
- h) RPF contribution by the company Rs. 6,000 per month.
- i) RPF contribution by employee Rs. 5,000 per month.
- j) Interest credited on RPF @ 11% Rs. 44,000.
- k) She has been provided with company's owned rent free furnished house in Mumbai and cost of furniture provided Rs. 60,000.
- l) Mrs. Smitha paid her professional tax Rs. 2,400 p.a.

Compute Taxable Salary for the A.Y. 2016 – 17.



8. Mr. Akshay furnishes the following particulars of his income for the previous year 2015–16. Determine his taxable income for the A.Y. 2016–17. If his residential status is

- a) Ordinary resident
- b) Not ordinary resident
- c) Non-resident.
  - i) Income from business in Hubli Rs. 1,00,000
  - ii) Profit from business in UK controlled from India Rs. 60,000
  - iii) Income from House Property in Japan received there Rs. 50,000
  - iv) Income from business in India received in Pakistan Rs. 30,000
  - v) Salary received in India for service rendered in USA Rs. 70,000
  - vi) Interest on deposits with SBI in Mysore Rs. 20,000
  - vii) Profit from business in Singapore controlled from India ( $\frac{1}{3}$ <sup>rd</sup> received in India) 30,000
  - viii) Past untaxed foreign income brought into India Rs. 8,000
  - ix) Dividend received from a domestic company Rs. 5,000
  - x) Agricultural income earned in Nepal Rs. 25,000
  - xi) Commission received in India for service given in Japan Rs. 10,000
  - xii) Income from profession in India but received in France Rs. 10,000



9. Mr. Shankar is the owner of three house Properties in Bangalore and let-out all the houses throughout the year

Particulars	House – A (Rs.)	House – B (Rs.)	House – C (Rs.)
Fair Rent	1,80,000	1,50,000	1,20,000
Municipal valuation	1,50,000	2,00,000	1,00,000
Let out (per month)	20,000	15,000	25,000
Use by tenant	Residential	Office	Residential
Repair charges	10,000	–	40,000
Collection charges	20,000	5,000	–
Interest on loan :			
a) For construction	1,00,000	–	–
b) For Marriage of daughter	–	60,000	–
c) For repairs	–	–	10,000

Municipal tax is 10% of Municipal valuation. Municipal tax of House – A was paid by owner but Municipal tax of House – B was not paid upto 31<sup>st</sup> March 2016 and Municipal tax of House – C was paid by tenant. The House – C was remained vacant for 2 months.

Compute Income from House Property for the A. Y. 2016 – 17 by making assumption housing loan in respect of House A and C was taken after 1-4-1999.



10. Mr. Yadav is an employee of State Bank of India Bangalore and he submits the following information relevant for the A.Y. 2016 – 17. Compute his taxable income from salary :

- a) Basic salary Rs. 8,000 per month.
- b) Dearness allowance Rs. 1,500 per month (does not form part of salary).
- c) City compensatory allowance Rs. 300 p.m.
- d) Bonus Rs. 10,000 per annum.
- e) Conveyance allowance Rs. 2,000 p.m. (60% spent for office duties).
- f) House Rent allowance Rs. 5,000 p.m.  
(Rent paid by employee Rs. 7,000 p.m.)
- g) Payment of LIC Premium by SBI Rs. 4,000 p.a.
- h) Services of sweeper paid by SBI Rs. 200 per month.
- i) Leave Travel Concession Rs. 5,000 (First time in current Block period).
- j) Reimbursement of gas, electricity and water bill by the SBI Rs. 2,500 per annum.
- k) RPF contribution by the bank and own contribution of employee 14% of salary.
- l) Interest credited to RPF at 14% Rs. 14,000.
- m) Professional tax paid by Yadav Rs. 5,000.



11. Mr. Suryakantha has three houses in Mandya and particulars of which are relating to previous year as under :

<b>Particulars</b>	<b>House – I (Rs.)</b>	<b>House – II (Rs.)</b>	<b>House – III (Rs.)</b>
Use of House	Let out	Let out	S.O.P.
Standard Rent	1,50,000	2,00,000	–
Municipal value	1,00,000	3,00,000	3,00,000
Fair rental value	1,80,000	1,80,000	3,50,000
Actual rent per month	15,000	20,000	–
Municipal tax paid	10% of M.V.	10% of M.V.	10% of M.V.
Repair charges	–	–	2,000

Suryakantha borrows Rs. 3,00,000 at 20% per annum from the bank for construction of House – III. (date of borrowing 01-06-2008, date of repayment of loan 10-5-2016) Construction of all houses is completed in May 2013.

Determine the taxable income from house property for the assessment year 2016 – 17.