



SM – 534

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VI Semester B.B.A. Examination, May/June 2018
(CBCS) (F+R) (2016-17 and Onwards)
BUSINESS ADMINISTRATION
Paper – 6.3 : Income Tax

Time : 3 Hours

Max. Marks : 70

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



PART – A

1. Answer **any 5** sub-questions. **Each** sub-question carries **2** marks. **(5×2=10)**
- What is capital gain ?
 - Give the meaning of bond washing transaction.
 - What is Annual value of the property ?
 - Who is an assessee in default ?
 - State any two allowances which are taxable.
 - State any 2 canons of taxation.
 - What is agricultural income ?

PART – B

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

2. Mrs. Uma Maheshwari comes to India for the first time on 1-10-2016. On 1-10-2016 she joins ITC Ltd. on a monthly salary of Rs. 25,000. On 15-10-2016 she starts a wholesale merchant business and earns Rs. 10,000 p.m. Determine the residential status of Mr. Uma Maheshwari for the A/Y 2017-18.
3. Mr. Gopal is drawing Rs. 90,000 p.m. as salary plus 10% of his salary as D.A. He is getting EA of Rs. 1,000 p.m. He has spent Rs. 5,000 on entertainment of the company's customers. He is provided with a rent-free unfurnished house at Allahabad of the FRV of Rs. 20,000 p.m. The house is owned by the company. He is also provided with a small car for his personal and official use and all the expenses of its maintenance and running are met by the company. Find out his taxable salary for the A/Y 2017-18.

P.T.O.



4. Mr. Suresh owns a house property in Mumbai. From the following particulars compute the income from house property for the A/Y 2017-18.

	Rs.
Actual rent per month	15,000
Municipal value	1,50,000
Fair rental value	1,65,000
Municipal tax paid	15,000
Expenses on repairs	8,000
Insurance premium	2,500
Collection charges	1,200

Suresh has borrowed a sum of Rs. 1,20,000 @ 12.5% p.a.

5. The net profit of Mr. Sulaiman of Sulia as per his P/L A/c for the year ended 31-3-2017 after charging the following item was Rs. 2,40,000.

	Rs.
a) Interest on capital	20,000
b) Salary to staff	1,16,000
c) Office expenses	3,000
d) Bad debts written off	13,000
e) Provision for bad debts	10,000
f) Provision for income tax	16,000
g) Donation	10,000
h) Depreciation allowable as per the Act is only	12,000

Compute income from business for the A/Y 2017-18.

6. Mr. Mallanna a production manager of an industrial unit of a company in Chennai. The particulars of his salary income are as under :

Basic salary	15,000 p.m.
Dearness allowance (Given under terms of employment)	5,000 p.m.
Entertainment allowance	1,000 p.m.
Medical allowance	500 p.m.
HRA	4,000 p.m.
Rent paid for the house	5,000 p.m.

Car of 1.2 Litre capacity provided by employer for private and official use. Employer meets expenses of car. He and his employer (each) contribute 15% of salary to RPF. Compute income under the head salary.



PART – C

Answer **any three** from the following. **Each** question carries **14** marks. **(3×14=42)**

7. What is perquisites ? Explain any ten perquisites which are fully tax-free.
8. Sairam a foreign national, furnishes the following particulars of his income relevant for the A/Y 2017-18.

- a) Income from property in New York received there Rs. 1,20,000.
- b) Income from business in Kolkatta managed from Singapore Rs. 2,40,000.
- c) Profit on sale of machinery in California (one-half received in Kolkatta) Rs. 90,000.
- d) Dividend received in Thailand from a company registered in India but mainly operating in Thailand Rs. 15,000.
- e) Income from house property in Dhaka deposited by the tenant there in a foreign branch of SBI Rs. 36,000.
- f) Gift in foreign currency Rs. 3,50,000 from a relative (one-half received in India) and the balance used in New York.
- g) Income from agriculture in Myanmar Rs. 45,000 received there,

$\frac{1^{\text{rd}}}{3}$ used while visiting there and $\frac{2^{\text{rd}}}{3}$ remitted later to Kolkatta.

- h) Income from profession as a management consultant in Phillippines received there. The profession set up in India Rs. 2,20,000.

Compute his total income in Sairam is :

- a) A resident b) Not ordinary resident c) Non-resident.

9. Compute taxable salary of Mr. Purushotham for the A/Y 2017-18.

Basic salary Rs. 50,000 p.m.

Bonus 2 months basic salary.

Contribution to RPF @ 15% of salary (both employers and employee)

Commission on sales @ 7.5% on total sales of Rs. 25,00,000.

Arrears salary Rs. 4,50,357.

Fixed medical allowance 5,000 p.m.

Warden and Proctor allowance Rs. 8,000 p.m.

Entertainment allowance Rs. 1,000 p.m.

Children education allowance @ Rs. 500 per child for three children.

Facility of big car along with the driver both for office and for personal use.

Other particulars are :

1) Contribution to LIC Rs. 2,000 as premium as whole life policy.

2) Med. claim insurance premium paid Rs. 35,000.

3) Contribution to Zilla Saksaratha Samithi Rs. 50,000.

4) Professional tax paid during the year 200 p.m.



10. Mr. Urs is the owner of 3 houses. Compute his income from house property for the A/Y 2017-18.

Particulars	H ₁	H ₂	H ₃
Municipal value	1,80,000	2,40,000	3,00,000
Fair rent p.m.	16,000	22,000	26,000
Standard rent	2,00,000	3,00,000	3,50,000
Actual rent p.m.	20,000	22,000	24,000
Municipal tax (50% paid by the tenant)	10% (of municipal value)	10% (of municipal value)	10% (of municipal value)
Repair charges	5,000	10,000	15,000
Collection charges	1,000	2,000	3,000
FIP	2,000	3,000	3,000
Interest on loan for construction	12,000	18,000	30,000

11. From the P/L A/c for the relevant A/Y compute Income from business of Sri Babu.

	Rs.		Rs.
To Salaries	88,000	By Gross profit	3,80,000
" Rent	42,000	" Sundry receipts	20,000
" Gen. expenses	20,000	" Dividends	40,000
" Advertisement	25,000	" Commission	30,000
" Legal expenses	15,000	" Bad debts recovered	
" Sales-tax	10,000	(allowed earlier)	10,000
" Wealth tax	20,000	" Rent of building let-out	44,000
" Telephone expenses	12,000		
" Gratuity paid	30,000		
" Provision for bad debts	10,000		
" Advance income tax	20,000		
" Depreciation	38,000		
" Office expenses	12,000		
" Municipal taxes of property let-out	10,000		
" Contribution to employees PF	6,000		
" N/P	1,66,000		
	5,24,000		5,24,000

Adjustments :

- 1) Legal expenses were found to have been incurred for the registration of a business asset.
- 2) Advertisement expenses were paid in cash.
- 3) Allowable depreciation as per I.T. rules Rs. 46,000.