



NS – 438

55
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 $\frac{2}{3}$ rd 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.
- Income from agricultural land situated in Australia.
 - Income derived from sale of seeds.
 - Income from sale of forest trees of spontaneous growth.
 - Lease rent received from land given to tenants for agricultural operations.
 - Income derived from land used as stone quarries.
 - 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 ($\frac{1}{3}$ rd 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 31st 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 :

| Particulars | House – I (Rs.) | House – II (Rs.) | House – III (Rs.) |
|-----------------------|--------------------|---------------------|----------------------|
| 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