



US – 540

VI Semester B.B.A. Examination, May 2017
(CBCS) (Freshers) (2016-17 and Onwards)
BUSINESS ADMINISTRATION

Income tax

Time : 3 Hours

Max. Marks : 70

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

SECTION – A

Answer **any 5** sub-questions. **Each** sub-question carries **2** marks. (5×2=10)

1. a) Define person.
- b) Define assessee.
- c) What do you mean by profits in lieu of salary ?
- d) Define perquisites.
- e) What do you mean by composite rent ?
- f) Define vocation.
- g) What do you mean by financial assets ?

SECTION – B

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

2. Determine the residential status of Mr. Tejas for the A.y-2016-2017 who was in India as follows :

Previous Year	Presence in India
2015-16	192 days
2014-15	75 days
2013-14	60 days
2012-13	30 days

3. Mr. Y is an employee at Mysore population 20 lakhs, compute income from salary for the A.Y. 2016-17, Basic salary ₹ 12,000 p.m.
D.A. ₹ 8,000 p.m. (50% enters for retirement benefits)
CCA ₹ 500 p.m.
E. A. ₹ 600 p.m.
Bonus ₹ 10,000 p.a.
He is provided with rent free accommodation and the cost of furniture is ₹ 80,000/-.

P.T.O.



4. Mr. A is the owner of a house. The particulars of which are as follows :

	₹
Municipal value	1,80,000
Fair rental value	1,95,000
Standard rent	1,90,000
Actual rent	15,500 p.m.
Vacancy period	1 month
Municipal tax paid by owner	20,500
Municipal tax paid by tenant	2,500

Determine the taxable income from house property for the A.Y. 2016-17.

5. Mr. Ramesh is the owner of a business. His P and L a/c for the year ending 31-3-2016 is as follows compute income from business.

Particulars	₹	Particulars	₹
To Rent	60,000	By Gross profit	5,50,000
To Establishment charges	50,000	By Interest on Govt. security	25,000
To General charges	20,000	By Rent from house property	25,000
To Household expenses	6,500		
To Commission	1,500		
To Reserve for bad debts	5,000		
To Advertisement	10,000		
To Repair house property	15,000		
To Income tax	20,000		
To Depreciation	10,000		
To Net profit	4,02,000		
	6,00,000		6,00,000

Adjustments :

- 1) Actual bad debts amounts to ₹ 2,000.
 - 2) Depreciation for the year amounted to ₹ 6,000.
6. Mr. M furnishes the following incomes :
- Compute taxable income.
- Income from salary ₹ 4,50,000 p.a.
- Income from house property ₹ 2,00,000 p.a.
- Income from other sources ₹ 3,00,000 p.a.
- His other informations are as follows LIC premium paid ₹ 6,000 p.m.
- Medical insurance paid ₹ 30,000 p.a.
- Donation to
- 1) P.M. National relief fund ₹ 20,000
 - 2) University of national eminence ₹ 10,000.



SECTION – C

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

7. From the following particulars of Mr. P compute his gross total income for the A.Y. 2016-2017 if he is
- Resident
 - Not ordinary resident and
 - Non resident of India.
- Income from business in Hassan ₹ 2,50,000
 - Income from POSB A/c ₹ 1,000
 - Salary received in India for services rendered in Canada ₹ 1,00,000
 - Agricultural income earned in New York ₹ 60,000
 - Gift from friend received in cash ₹ 40,000
 - Past untaxed income of U.K. brought to India during the P.Y. 2015-16 ₹ 25,000
 - Income from business in Sri Lanka, received in Bangalore ₹ 6,00,000.
8. Compute income from salary of Smt. Shantha for the A.Y. 2016-17 Basic salary ₹ 50,000 p.m.; Bonus ₹ 1,50,000
D.A. ₹ 12,000 p.m. (40% enters for retirement benefits)
Both employer and employee contributes 14.5% of salary for R.P.F.
Conveyance allowance ₹ 4,000 p.m. (70% spent for official purposes)
Childrens education allowance ₹ 600 p.m. for only son.
LIC premium paid by the Co., ₹ 2,500 p.m.
Leave travel concession ₹ 25,000. (First time in the current p.y.)
She was provided with a 800 CC. Motor car with Driver for both official purposes and personal.
Profession tax paid by her ₹ 400 p.m.
9. Compute gross salary of Mr. Q for the A.Y. 2016-2017.
Basic pay ₹ 15,000 p.m.
Bonus 2 months basic,
Company pays 15% of salary to RPF.
Fee's ₹ 60,000 p.a.
Commission at 5% on a turnover of ₹ 20 lakhs.
Advance salary 3 months basic
Arrears salary at ₹ 2,000 p.m. for 30 months
Fixed medical allowance ₹ 3,000 p.m.
Warden allowance ₹ 600 p.m.
Entertainment allowance ₹ 1,000 p.m.
Children hostel allowance at ₹ 1,500 p.m. per child for his 3 children.
Transport allowance at ₹ 2,500 p.m., services of sweeper paid by the Co., ₹ 800 p.m.



10. Mr. U is the owner of three houses compute income from house property for the A.Y. 2016-2017.

Particulars	House 1	2	3
	₹	₹	₹
Municipal value p.m.	15,000	20,000	25,000
Fair rent p.m.	16,000	22,000	26,000
Standard rent p.m.	15,500	21,000	24,000
Actual rent p.m.	17,000	22,500	24,500
M. Tax	10%	10%	10%
Repair charges	5,000	10,000	15,000
Collection charges	1,000	2,000	3,000
Fire insurance premium	2,000	3,000	3,000
Interest on loan for Construction for the P.Y. 2015-16	12,000	15,000	20,000

The house remained vacant for 2 months in respect of house number-2.

11. Compute income from business of Mr. J. for the A.Y. 2016-2017.

P and L A/c as on 31-3-2016

Particulars	₹	Particulars	₹
To Office expenses	40,000	By Gross profit	6,40,000
To General expenses	16,000	By Interest on Govt. securities	11,200
To Interest on bank loan	4,000	By Discount received	16,000
To Audit fee	4,000	By Bad debts recovered (Not written off earlier year)	800
To Interest on capital	12,000	By Sundry receipts	16,000
To Rent	20,000	By Dividend	16,000
To Income tax	16,000		
To Charity	8,000		
To Legal expenses	4,000		
To compensation to retrenched employee	20,000		
To Extension of building	20,000		
To Net profit	5,36,000		
	7,00,000		7,00,000

Adjustments :

- 1) Rent includes ₹ 12,000 relates to assesses house in which he lives.
- 2) Depreciation allowable as per IT. ₹ 20,000.
- 3) Legal expenses include 3,000 as penalty of Income tax.