

**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)
- a) Who is a deemed assessee ?
  - b) Define agricultural income.
  - c) What is meant by perquisites ?
  - d) Give the meaning of short term capital asset.
  - e) What are less-tax securities ?
  - f) Who is a Non-Resident individual ?
  - g) What is meant by pre-construction interest ?
  - h) Give the meaning of Gross Total Income.
  - i) Mention any two exempted incomes.
  - j) 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 :
  - a) He is a government employee
  - b) He is a non-government employee who does not receives gratuity
  - c) 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.

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5. Mr. Arun is working as a manager in a company at Chennai. Particular of his salary for the A.Y. 2015 – 16 are :
- Basic Salary Rs. 30,000 pm.
  - D.A. Rs. 5,000 pm. (40% forming part of salary)
  - Commission Rs. 1,000 pm.
  - Conveyance allowance Rs. 3,000 pm. (60% spent for official duty)
  - 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
- Resident
  - Not ordinarily Resident
  - Non-Resident.
- Income from business in Kolar Rs. 1,00,000
  - Profit from business in U.K. controlled from India Rs. 50,000
  - Agricultural Income earned in Burma Rs. 40,000
  - Salary received in India for services rendered in Japan Rs. 80,000.
  - Profit from business in Nepal controlled from India ( $\frac{1}{3}$  profit received in India) Rs. 60,000.
  - Interest on Post Office Saving Bank A/c Rs. 1,000.
  - Dividend received from Indian Company Rs. 8,000.
  - Interest on deposit with State Bank of India Rs. 10,000.
  - Past untaxed foreign income brought into India Rs. 4,000.
  - Income from house property in Japan Rs. 30,000.
  - Salary received in India for services rendered in U.K. Rs. 60,000.
  - Interest received from a firm in U.K. later on remitted to India Rs. 40,000.
  - Gift in cash from a friend received in India 60,000.
  - 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		
	<b>5,04,000</b>		<b>5,04,000</b>

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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		
	<b>2,47,650</b>		<b>2,47,650</b>

**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.

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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
	<b>4,79,000</b>		<b>4,79,000</b>

**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.