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BCMCMC 213

**III Semester B.Com. Degree Examination,
October/November 2019**

(Credit Based Semester Scheme)

(Common to all Batches)

COMMERCE

Business Taxation — I (Elective)

Time : 3 Hours]

[Max. Marks : 80

Instructions : Show working notes wherever necessary.

SECTION - A

Answer **any four** questions :

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(4 × 4 = 16)

1. Define 'previous year' and mention exceptions to the general rule.
2. Write a note on PAN.
3. Define the term 'Assessee'.
4. Mr. Atharva, an engineer working in BEL, Bangalore was deputed to Japan on 10th August 2016 for 6 months training. After his return he was in India upto 15th June 2018 and then left India for employment in a German Company. Find out his residential status for the previous year 2018-2019.
5. After serving for 30 years, 9 months in Nippon Motors Ltd. Mr. Abhinandan who is covered under Payment of Gratuity Act 1972, retires from service on 31st December of P.Y. The employer pays him a gratuity of Rs. 10,00,000. His monthly basic salary at the time of retirement was Rs. 30,000, D.A. (fixed) Rs. 10,000 and HRA Rs. 5,000 p.m. Earlier he had received Rs. 3,00,000 as gratuity from a previous employer which was then exempt. Compute taxable gratuity.



6. During the previous year Mr. Adwik received the following emoluments:
- Basic: Rs. 20,000 p.m.
 - DA: 25% of basic (50% enters PF)
 - HRA: Rs. 6,000 p.m.
 - CCA: Rs. 500 p.m.
- The rent actually paid for the house at Chennai was Rs. 8,000 p.m. till 31st January, 2019 when he shifted his residence to his own house. Find out taxable HRA.

SECTION - B

Answer **any four** questions :

(4 × 8 = 32)

7. Explain any 8 characteristics of the term 'Income'.
8. Explain the provisions of income tax relating to Statutory Provident Fund and Recognised Provident Fund.
9. Explain the rules to determine residential status of an individual.
10. From the following particulars calculate deduction under Section 80C.
 - (a) LIC premium of Rs. 12,000 on own life policy of Rs. 1,00,000. (Policy is taken after 1.4.2012).
 - (b) Rs. 20,000 subscribed to home loan account of National Housing Bank, interest accrued there on Rs. 8,000.
 - (c) Fixed deposit for 5 years in SBI (tax savings) Rs. 30,000.
 - (d) Repayment of Rs. 12,000 which was taken for extension of the house.
 - (e) Contribution to unrecognized provident fund Rs. 20,000.
 - (f) Purchase of NSC VIII issue Rs. 90,000.
 - (g) Contribution to Recognized Provident Fund Rs. 38,000 (interest accrued thereon Rs. 10,000).
 - (h) Interest accrued on NSC Rs. 5,000; interest on NSC matured Rs. 8,000.



11. Mr. Vishruth retired from service on 30th November 2018 after serving for 25 years, 6 months, 10 days and received Rs. 5,00,000 as gratuity and Rs. 4,00,000 as leave encashment. His basic was Rs. 20,000 on 1.1.2018 and the annual increment of Rs. 500 falls due on 1st July every year. He gets 30% of his basic as D.A (20% taken for retirement benefits). During the year he also received a commission of 1% on the sales turnover of Rs. 20 lakh achieved during last 10 months prior to the month of retirement. He had 8 months earned leave to his credit. Compute taxable gratuity and taxable leave encashment. He is not covered under Payment of Gratuity Act 1972.
12. From the following particulars compute the perquisite value of accommodation:
- (a) Basic salary Rs. 3,00,000 p.a.
- (b) D.A. 50% of basic (Half of this considered for retirement benefits).
- (c) Bonus 2 months basic.
- (d) Medical allowance Rs. 1,000 p.m.
- (e) City compensatory allowance Rs. 15,000 p.a.
- (f) Commission 2% of turnover of Rs. 20 lakh.
- (g) Furnished accommodation provided to the employee for which actual rent paid by the company Rs. 90,000 p.a.
- (h) Rent recovered from the employee Rs. 20,000 p.a.
- (i) Cost of furniture provided Rs. 1,00,000 and company pays Rs. 800 p.m. as hire charges.

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SECTION - C

Answer **any two** questions : **(2 × 16 = 32)**

13. Define and explain agricultural income with examples. What is the present position of taxability of agricultural income?
14. Calculate total income of Mr. Parithosh from the following particulars if he is
- (a) Ordinarily Resident
- (b) Not Ordinarily Resident
- (c) Non Resident



- (i) Business income from Mumbai controlled form London Rs. 5,00,000.
- (ii) Profit on sale of building in Bangalore, received in France Rs. 2,00,000.
- (iii) Salary received in India (including Rs. 20,000 for service rendered in UK) Rs. 3,50,000.
- (iv) Interest on Indian Government Securities Rs. 6,000.
- (v) Past untaxed foreign income brought into India during previous year Rs. 20,000.
- (vi) Rental income from a property in India Rs. 38,000.
- (vii) Income from business in Dubai Rs. 1,00,000, controlled from India. Half of the income received in India.
- (viii) Interest on deposit with Bangalore Branch of a Foreign Bank Rs. 25,000.
- (ix) Income from agriculture in Mysore Rs. 10,000.
- (x) Pension from former employer in India received in England Rs. 22,000.
- (xi) Income from Agriculture in Malaysia received there, but later on remitted to India Rs. 60,000.
- (xii) Dividend from Foreign companies Rs. 33,000.
- (xiii) Interest on deposit with Pakistani Branch of SBI Rs. 60,000.
- (xiv) Dividend received from Indian Companies Rs. 26,000.
- (xv) Gift from a friend on the occasion of marriage Rs. 76,000.
- (xvi) Gift from a friend in Russia received there Rs. 55,000.

15. Mr. Vrushank is an employee in a Robotics System Company at Chennai gives the following information:

Basic salary Rs. 30,000 p.m.

Dearness allowance Rs. 1,000 p.m. (60% of which is included for retirement benefits)

C.C.A. Rs. 500 p.m. Medical allowance Rs. 200 p.m.



Education allowance (for three children) Rs. 250 p.m. per child.

HRA received Rs. 10,000 p.m. whereas the rent actually paid by the employee Rs. 12,000.

He received hostel allowance of Rs. 400 p.m. for one child.

He contributes 10% of his salary to RPF to which his employer contributes 13%. Interest credited to the P.F. A/c at 10% is Rs. 15,000.

He is given with a car of 1.8 CC for both private and official purposes. The running and maintenance of this car is met by him.

His father was admitted to private hospital and medical bill amounted to Rs. 50,000. Company paid 50% of this bill amount.

He has made the following payments:

Contribution to ULIP Rs. 12,000.

Repayment of housing loan, principal Rs. 20,000.

LIC premium (own) paid Rs. 25,000.

Compute the taxable salary and deduction u/s 80C.

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16. Mr. Raveendra furnished the following details of his salary:

(a) Net salary Rs. 1,00,000 after deducting Rs. 6,000 for income tax Rs. 20,000 as contribution to recognized provident fund and Rs. 5,000 as rent of bungalow.

(b) Conveyance allowance Rs. 8,000 p.a. He has spent Rs. 5,000 p.a. for official duties.

(c) He lived in a bungalow at Mumbai (population more than 25 lakh) owned by the company. Its fair rental value is Rs. 4,000 p.m. The company has provided on this bungalow facility of a gardener and watchman who are paid Rs. 3,000 p.m. and Rs. 5,000 p.m. respectively. The company paid in respect of this bungalow Rs. 3,000 as electric bill and Rs. 5,000 for water bill.

(d) Company has provided car of 1.4 CC for official and personal use. All the expenses of the car including driver's salary are borne by the company.



- (e) The following amounts were deposited in his provident fund account:
 - (i) Co's contribution Rs. 20,000.
 - (ii) Interest at 10.5% per annum amounts to Rs. 10,500.

He took a vehicle loan of Rs. 2,00,000 at 7% p.a. (SBI rate of 10% p.a.) He was given lunch coupons worth Rs. 80 each for 300 days.

Compute the taxable salary considering the professional tax paid Rs. 200 p.m.

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