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BCMCMC 213

Credit Based III Semester B.Com. Examination, Nov./Dec 2018
(Common to All Batches)
COMMERCE
Business Taxation – I

Time : 3 Hours

Max. Marks : 80

Instruction : Provide working notes *wherever* necessary.

SECTION – A

Answer **any four** questions :

(4×4=16)

1. Define 'previous year' and mention exceptions to the general rule.
2. Define the term person.
3. Write a note on PAN.
4. Akashya an Indian citizen went to U.K. on 16-4-2015 and returned on 18-3-2016. Then he went to Japan on 20-6-2017 and returned on 8-12-2018. Then he got an employment in U.S. concern and left India on 16-2-2019. Find out his residential status for the previous year 2018-19.
5. Ishwar retired on 31st December, 2017 after 25 years of service. During the 10 months ending on 30th November, he was drawing a monthly salary of ₹ 1,20,000 and conveyance allowance of ₹ 8,000.
He was eligible to receive a gratuity of ₹ 10,40,000 from his employer. He had received ₹ 2,50,000 as gratuity from a previous employer which was then exempt. Compute taxable gratuity.

6. During the previous year Mr. Balu received the following emoluments :

Basic : ₹ 20,500 p.m.

DA : 25% of basic
[100% enters PF]

Commission : ₹ 50,000

HRA : ₹ 5,250 p.m.

The rent actually paid for the house at Bangalore was ₹ 6,000 p.m. till 31st January , 2018 when he shifted his residence to his own house. Find out taxable HRA.

P.T.O.



SECTION – B

Answer **any four** questions :

(4×8=32)

7. What is income ? State the characteristics of income ?
8. Explain the provisions of Income Tax Act relating to statutory provident fund and recognised provident fund.
9. Write an explanatory note on agriculture income.
10. Ganesha retired from service on 31-3-2018 after serving for 27 years and 6 months. He had 9 months earned leave to his credit. His last drawn basic salary was ₹ 22,500 and DA at 30% of his basic. The increment of ₹ 1,000 falls due on 1st September every year. He received ₹ 6,50,000 on leave encashment and commuted $\frac{3}{4}$ th of his pension and received ₹ 3,30,000. Find out taxable leave encashment and taxable commuted pension.
11. From the following particulars compute perquisite value of rent free accommodation.

Basic –	₹ 20,000 p.m.
DA –	50% of basic
	[$\frac{1}{2}$ considered for retirement benefits]
Bonus –	1 month basic
DP –	₹ 5,000 p.m. [enters retirement benefits]
Commission –	2% of turnover of ₹ 30 lakh.

He is provided with rent free house at Delhi. The cost of furniture is ₹ 75,000 and the company pays ₹ 700 p.m. as hire charges.
12. From the following particulars calculate deduction u/s 80C
 - a) LIC premium of ₹ 12,000 on own life policy of ₹ 1,00,000
 - b) LIC premium on mother's life policy ₹ 8,000
 - c) ₹ 15,000 subscribed to home loan account of National Housing Bank, interest accrued there on ₹ 8,400.
 - d) Fixed deposit for 5 years in SBI [tax savings] ₹ 30,000.
 - e) Contribution to mutual fund of UTI ₹ 25,000.
 - f) Tuition fees of 3 childrens ₹ 20,000 each.
 - g) NSC VIII purchased ₹ 35,000.
 - h) Medical insurance premium paid ₹ 15,000.
 - i) Repayment of housing loan taken for construction of house, principal ₹ 17,000, Interest ₹ 13,000.

SECTION - C

Answer **any two** questions :

(2×16=32)

13. Define perquisites ? Explain the provisions for the treatment of :
- Rent Free Accommodation
 - Motor Car.
14. Compute the total income of Mr. Abhaya from the following particulars if he is
- Ordinary resident
 - Not ordinary resident
 - Non resident.
- Income from property in Kenya received in Mysore ₹ 75,000.
 - Income from business in Bombay controlled from Japan ₹ 1,00,000.
 - Income from England development bonds. [$\frac{1}{5}$ th received in Mysore] ₹ 50,000.
 - Income from agriculture in Hassan ₹ 60,000.
 - Income earned from business in Sri Lanka controlled from Chennai ₹ 2,00,000.
 - Interest on deposits with Bangalore branch of HSBC Bank and ₹ 30,000.
 - Dividends from Indian company ₹ 15,000.
 - Gift from a friend received in India on the occasion of marriage anniversary ₹ 75,000.
 - Interest accrued in Jaipur but received in Singapore ₹ 10,000.
 - Income from pension for services rendered in India, received in Japan ₹ 1,00,000.
 - Interest on post office Savings Bank Account ₹ 10,000.
 - Gift from relatives in India ₹ 42,000.
 - Interest on Indian Government securities ₹ 18,000.
 - Interest on deposit with Pakistani Branch of SBI ₹ 60,000.
 - Profit from the sale of standing crops in India ₹ 25,000.
 - Past untaxed profit of 2015-16 brought to India during the previous year ₹ 80,000.
15. Mr. Shiva Kumar is an employee in a company in Bangalore, gives the following information :
- Basic salary ₹ 30,000 p.m.
 - Dearness allowance ₹ 2,000 p.m.
 - Family allowance ₹ 500 p.m.
 - City compensatory allowance ₹ 600 p.m.
 - Education allowance for two children at ₹ 200 per month per child.



- 6) Entertainment allowance ₹ 800 per month.
- 7) House rent allowance ₹ 2,000 per month but he pays ₹ 3,000 per month as rent for the accommodation secured by him.
- 8) He is allowed to use one motor car of 1.6 c.c. for all office purposes.
- 9) Reimbursement of medical expenses incurred by him was ₹ 16,000.
- 10) The company paid his club membership fee of ₹ 12,000 during the year.
- 11) His son get free education in the school approved by the company and the cost of education is ₹ 1,500 per month per child.
- 12) Provisions of the following servants and they are paid by the company :
- | | |
|----------|--------------------|
| Watchman | ₹ 1,200 per month |
| Sweeper | ₹ 800 per month |
| Gardener | ₹ 750 per month |
| Cook | ₹ 1,000 per month. |
- 13) Company has contributed to his recognised provident fund account at 13% of his salary and has credited ₹ 28,000 as interest at 10% per annum. Compute the taxable salary.
16. Mr. Krishna received a net salary of ₹ 1,00,000 after the deduction of the following :
- | | |
|------------------------|----------|
| Rent of the bungalow : | ₹ 6,000 |
| Professional tax : | ₹ 1,800 |
| Income tax : | ₹ 7,200 |
| LIC premium : | ₹ 15,000 |
| RPF contribution : | ₹ 18,000 |
- The company provided furnished house the fair rental value of which is ₹ 40,000. The hire charges amounted to ₹ 550 per month. The company provided one 1.4 c.c. car for both official and private use. All the expenses were paid by the company. It also met the electricity and water charges which amounted to ₹ 1,800 p.a. and ₹ 1,200 p.a. respectively. The salary of watchman and gardener amounting to ₹ 600 p.m. and ₹ 700 p.m. respectively were paid by the company. The company contributed equally to the provident fund and provided free lunch during the office hours averaging ₹ 60 per lunch for 300 days. During the year he was sent to the refresher course for 15 days and the company paid ₹ 5,000 towards the same. He took a vehicle loan of ₹ 2,00,000 at 7% and paid ₹ 12,000 as interest [SBI rate 10%]. The company gifted him a T.V. set of ₹ 35,000.
- He paid ₹ 4,000 towards ULIP, ₹ 15,000 into PPF and invested ₹ 20,000 in NSC. The interest accrued was ₹ 6,450.

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