

Reg. No.

--	--	--	--	--	--	--	--	--	--



BBABMC 235

**Choice Based Credit System III Semester B.B.A.
Examination, April/May 2022
(2020 – 21 Batch Onwards)
INCOME TAX (Group – I)**

Time : 3 Hours

Max. Marks : 80

Instruction : Provide the working note wherever necessary.

**SECTION – A
(4 Marks Each)**

Answer **any four** of the following.

(4×4=16)

1. What is Agriculture Income ? Give any two examples.
2. Write a note on Deemed Income.
3. Give the meaning of the following terms :
 - a) Assessee
 - b) Assessment year.
4. What is the provision of "Preconstruction period interest" on house property ?
5. Compute taxable amount of HRA of Mr. Akash from the following particulars.
 - a) Basic Salary Rs. 22,000 p.m.
 - b) D.A. Rs. 5000 p.m. (considered for PF)
 - c) CCA Rs. 500 p.m.
 - d) HRA Rs. 5000 p.m.
 - e) Actual rent paid Rs. 6000 p.m. for the house at Mysore.
6. Ms. Bhavya, an Indian citizen leaves India for the first time on 4th January 2020 on visit to UK. She came back to India on 25th December 2020. Determine residential status for the P.Y. 2020 – 2021.
7. Find out Gross Annual Value from the following.

Particulars	House I	House II
Fair Rent	80,000	85,000
Municipal Value	86,000	82,000
Standard Rent	78,000	83,000
Actual Rent	82,000	85,000

P.T.O.



SECTION – B
(8 Marks Each)

Answer **any four** of the following.

(4×8=32)

8. Explain tax provisions relating to death cum retirement gratuity.
9. What is grossing up of interest ? Mention the rules of grossing up for income from other sources.
10. Explain the types of provident fund.
11. From the following information, compute total income of Mr. Chetan if he is,
 - i) Ordinarily resident
 - ii) Not ordinarily resident
 - iii) Non resident.
 - a) Business income from Karkala Rs. 2,00,000
 - b) Income from salary in Udupi Rs. 3,50,000
 - c) Agricultural income in Mandya Rs. 1,00,000
 - d) Income from house property in Mumbai Rs. 2,50,000
 - e) Dividend from Infosys Rs. 15,000
 - f) Business income from Mumbai, controlled from Dubai Rs. 2,00,000
 - g) Income from house property in London Rs. 2,00,000 [$\frac{1}{2}$ received in India].
 - h) Income from business in Singapore controlled from Kundapur Rs. 5,00,000.
12. Ms. Divya gives the following particulars. Compute taxable income from other sources for the A.Y. 2021 – 22.
 - a) 10%, 45,000 taxfree commercial securities
 - b) 8%, 20,000 debentures of a company
 - c) Winning from lottery (net) Rs. 70,000
 - d) Interest on Bank RD Rs. 5,200
 - e) Royalty income from publication of book Rs. 35,000
 - f) Rent from letting out building along with plant and machinery Rs. 25,000. Expenses on repairs Rs. 1,000 and insurance charges Rs. 2,000
 - g) Winning from horse race Rs. 35,000(net)
 - h) 10%, 50,000 taxfree Central Government securities.
13. Mr. Eshwar sold the following assets during the previous year 2020 – 21.
 - a) Gold ornaments acquired in September 2019 for Rs. 2,00,000 were sold for Rs. 2,40,000 in June 2020.
 - b) Maruthi van sold on 1-11-2020 for Rs. 1,25,000. Its written down value on 1-4-2020 was Rs. 1,10,000 (used for business).
 - c) Residential house purchased in 2002 – 03 for Rs. 5,00,000 was sold for Rs. 20,00,000 on 5th January 2021. On 15th March 2021, he deposited Rs. 4,00,000 in capital gain account scheme.

Compute taxable capital gain.

CII – 2020 – 21 : 301

2002 – 03 : 105



14. Ms. Geetha is a registered medical practitioner. she has prepared the following income and expenditure account for the year ending 31-3-2021. You are required to prepare a statement of income from profession.

Income and Expenditure A/c			
	₹		₹
Household Expense	10,000	Consultation fee	1,50,000
Car purchased	2,40,000	Visiting fees	1,10,000
Salaries	12,000	Gift from patients	30,000
Charity	3,000	Dividend	10,000
Surgical equipment	12,000	Interest on fixed deposit	10,000
Life insurance premium	4,000		
Income tax	1,000		
Surplus	28,000		
	3,10,000		3,10,000

Rate of depreciation allowable on car and surgical equipment is at 15%.

SECTION – C
(16 Marks Each)

Answer **any two** of the following.

(2×16=32)

15. What is perquisite ? Explain different types of perquisites.
16. Mr. Hemanth is working as chief accountant in a limited company in Bangalore. He has furnished the following information :
- a) Basic Rs. 30,000 p.m.
 - b) DA Rs. 5,000 p.m.
 - c) Bonus 1 month basic
 - d) CCA Rs. 400 p.m.
 - e) Conveyance allowance Rs. 1,000 p.m. (50% spent for official purpose)
 - f) He contributes 14% of his salary to RPF to which employer also contributes equally. Interest credited on the accumulated balance at 10.5% is Rs. 20,000.
 - g) He has been provided with the rent free furnished house owned by the company. The company also furnished the house with furniture worth Rs. 1,00,000 (population more than 25 lakhs).
 - h) He is provided with the services of gardner and cook, who are paid Rs. 1,000 p.m. and 1,200 p.m. respectively.
 - i) During the year he has paid Rs. 10,000 as premium on Life Insurance Policy and Professional Tax of Rs. 2,400.

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



17. Compute income from house property from the following information.

Particulars	House			
	A LOHP	B LOHP	C SOHP	D LOHP
Municipal value	90,000	85,000	1,00,000	1,10,000
Fair Rent	98,000	91,000	1,10,000	1,00,000
Standard Rent	95,000	87,000	1,20,000	1,05,000
Actual Rent received	1,08,000	1,05,000	—	1,20,000
Municipal Tax paid	10,000	15,000	—	—
Due	—	—	8,000	10,000
Repairs	5,000	—	—	12,000
Vacancy	—	1 month	—	—

The assessee had borrowed Rs. 5,00,000 for the construction of House B on 1-10-2016 at 12% p.a. The house was completed on 1-5-2018. As on 1-4-2020, Rs. 4,00,000 was outstanding.

18. Ms. Jaanvi is a proprietor of a business. From the following Profit and Loss A/c compute taxable income from business.

P&L A/c			
Dr.	Rs.		Cr. Rs.
To Salaries	5,00,000	By Gross Profit c/d	5,00,000
To Rent	1,20,000	By Rent from House property	4,00,000
To Travelling Expenses	1,00,000	By Interest on RD	40,000
To General expense	2,00,000	By bad debts recovered	40,000
To Provision for taxation	50,000	(disallowed earlier)	5,00,000
To Baddebts	40,000	By winning from lottery	
To Advertisement	30,000		
To LIC premium	35,000		
To RBD	10,000		
To GST	1,00,000		
To Depreciation	20,000		
To Fire insurance premium			
on LOHP	30,000		
To Income Tax	10,000		
To Net Profit c/d	2,35,000		
	14,80,000		14,80,000

Other information :

- Salaries include Rs. 1,000 p.m. drawn by Jaanvi as salary.
- ½ of the travelling expenses relate to personal use.
- Actual bad debts written off during the year is Rs. 35,000.
- Depreciation actually allowable is Rs. 18,000.
- General expenses include Rs. 40,000 incurred on school fees of her son.