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BCMCMC 231

**Choice Based Credit System III Semester B.Com. Examination,
April/May 2022
(2020 – 21 Batch Onwards)
COMMERCE
Group – I : Direct Tax – I**

Time : 3 Hours

Max. Marks : 80

SECTION – A

Answer **any four** of the following :

(4×4=16)

1. Write a note on PAN.
2. Give the meaning of the following terms :
 - a) Assessee
 - b) Assessment year
 - c) Previous year
3. Give any six examples for agricultural income.
4. Mr. Akshay an Indian citizen went to America for film shooting on 1st April, 2020 and returned to India on 15th February, 2021. His income from Indian sources is Rs. 50,00,000 and he is not taxed in any other country.
Determine Mr. Akshay's residential status for the previous year 2020-21.
5. Shwetha retires from service on 28th Feb., 2021 after serving for 26 years and 7 months at XYZ Ltd., she received Rs. 6,05,000 as gratuity. Her last drawn salary for the month of Feb., 2021 was, basic Rs. 20,000, DA was 75% of basic.
Compute taxable gratuity if she is covered by Payment of Gratuity Act of 1972.

P.T.O.



6. Prasanna is working as a general manager of D' Souza Ltd., at Mangaluru. He was provided rent free furnished accommodation. Particulars of his salary for the previous year 2020-21 are as under :

- i) Salary Rs. 10,000 per month.
- ii) DA Rs. 2,000 per month (50% is considered for retirement benefit).
- iii) Commission Rs. 10,000 received in the previous year.
- iv) Bonus Rs. 19,200 for the year.
- v) City compensatory allowance Rs. 1,000 per month.
- vi) Medical allowance Rs. 500 per month.

Company paid a rent of Rs. 30,000 towards this accommodation for the year.

Company had also provided furniture costing Rs. 1,00,000.

Compute perquisite value of rent free furnished accommodation.

SECTION – B

Answer **any four** of the following :

(8×4=32)

7. Discuss the exceptions to the general rule "income of the previous year is chargeable to tax in its assessment year".

8. Discuss the relevant provisions of

- a) Statutory provident fund,
- b) Recognized provident fund,
- c) Unrecognized provident fund and
- d) Public provident fund,

In the context of taxable income.



9. Mr. Anand is working in Apple Limited.

Determine the taxable portion of the following benefits received by him in the previous year :

- 1) Apple Limited contributed Rs. 10,000 in the previous year towards his RPF.
- 2) Rs. 6,000 was credited to this fund account towards interest on balance available in the fund in the previous year computed at the rate 12%.

His salary emoluments during the previous year were:

- i) Basic Rs. 53,000 per annum
- ii) DA Rs. 2,000 per month (50% considered for retirement benefit)
- iii) HRA Rs. 500 per month
- iv) He received a commission @ 1% on the turnover of Rs. 5,00,000 in the previous year.

3) Perquisite value of car :

Car was provided by the company along with a driver who was paid Rs. 1,000 per month as salary. Company also spent Rs. 5,000 as maintenance and running expenses for the year. The car was used both for personal and office use. CC of the car is 1.8 ltrs.

10. Mr. Gowtham made the following payments during the previous year :

- a) LIC premium on own life policy Rs. 20,000, on employed daughter's policy Rs. 13,000, on wife's policy Rs. 12,000 and mothers policy Rs. 8,000.
- b) PPF deposit Rs. 25,000.
- c) Repayment of housing loan taken for construction of the house Rs. 25,000 which included Rs. 12,000 for interest on loan.
- d) Tuition fee of three children (Rs. 15,000, Rs. 8,500 and Rs. 5,000 respectively) total Rs. 28,500.
- e) Investment in NSC Rs. 10,000.
- f) Investment in infrastructure bonds of IDBI Rs. 15,000.
- g) His contribution to RPF as salary deduction Rs. 10,000 for the year.

Compute deduction U/S 80c.



11. Find out the taxable amount of HRA of Mr. Rajan from the following particulars :
- A) Basic salary Rs. 10,000 per month.
 - B) Dearness pay at 40% of the basic pay (half of which is taken for retirement benefits).
 - C) Commission based on fixed percentage of sales @ 1% on the annual sales of Rs. 16 lakhs.
 - D) Actual HRA received Rs. 3,000 per month in the previous year.
 - E) Rent paid by Rajan Rs. 2,000 per month.
 - F) House is situated at Bangalore.
12. Naveen retired from service on 31st October, 2020 after serving for 30 years, 8 months, 10 days and received Rs. 2,00,000 as gratuity and Rs. 1,80,000 as leave encashment. His last drawn basic was Rs. 11,500 and D.A. @ 20% of basic. The annual increment of Rs. 500 due on 1st August every year.
- He had 8 months earned leave to his credit.
- Compute taxable gratuity and leave encashment. (he is not covered under Payment of Gratuity Act, 1972).

SECTION – C

Answer **any two** of the following :

(16×2=32)

13. From the following information find out the gross total income of Ms. Jyotsna for the A.Y. 2021-22 if she is an,
- i) Ordinary resident
 - ii) Not ordinary resident
 - iii) Non resident
 - a) Salary received in India (including Rs. 30,000 for services rendered in Nepal) Rs. 2,00,000.
 - b) Income from business in Singapore controlled from India (Rs. 40,000 was received in India) Rs. 1,00,000.



- c) Income from business in Mangalore, managed from New York Rs. 75,000.
- d) Income from profession in Kenya received there. The profession was set up in India Rs. 1,50,000.
- e) Interest on U.K. government securities (half of which was received in India) Rs. 50,000.
- f) Income from property in Canada received in Canada Rs. 1,25,000.
- g) Profit on sale of building situated in India received in Malaysia Rs. 30,000.
- h) Income from house property in New York deposited in a bank there Rs. 70,000.
- i) Agricultural income from Australia (25% remitted to India) Rs. 60,000.
- j) Interest and dividend from Indian company Rs. 10,000.
- k) Interest on deposit with Sydney branch of SBI Rs. 60,000.
- l) Interest on deposits with Bangalore branch of a foreign bank Rs. 35,000.
- m) Gift from a friend received outside India Rs. 1,25,000.
- n) Gift from a friend on the occasion of his marriage Rs. 65,000.
- o) Pension from former employer in India received in England Rs. 2,00,000.
- p) Past untaxed foreign income brought into India during previous year Rs. 90,000.

14. Mr. Madhukar is an employee in a company in Bangalore gives the following information :

- i) Basic salary Rs. 30,000 per month.
- ii) DA Rs. 2,000 per month.
- iii) Family allowances Rs. 500 per month.
- iv) City compensatory allowances Rs. 600 per month.



- v) Education allowances for two children at Rs. 200 per month per child.
- vi) Hostel allowance for one child Rs. 800 per month.
- vii) House rent allowances Rs. 2,000 per month but he pays Rs. 3,000 per month as rent for the accommodation secured by him.
- viii) He is allowed to use one motor car of the company of 1.6 C.C. for all office purposes.
- ix) Reimbursement of medical expenses incurred by him was Rs. 16,000.
- x) The company paid his club membership fee of Rs. 12,000 during the year.
- xi) Provisions of the following servants and they are paid by the company :
watchman Rs. 1,200 per month, sweeper Rs. 800 per month, gardener Rs. 750 per month, cook Rs. 1,000 per month.
- xii) Company has contributed to his Recognised Provident Fund account at 13% of his salary and RPF had been credited Rs. 28,000 as interest at 10% per annum.

Compute the taxable salary of Mr. Madhukar.

15. Mr. Gaonkar is an employee in a company in Chithradurga (city population is 9 lakhs) gives the following information :
- a) Basic salary Rs. 20,000 pm.
 - b) DA Rs. 2,000 pm (50% considered for retirement benefit).
 - c) He was provided furnished rent free accommodation. The fair rental value of the house is Rs. 2,000 per month. The cost of furniture is Rs. 25,000.
 - d) He is allowed to use one motor car of the company of 1.4 C.C. for both private and office purpose.



- e) Reimbursement medical expenses incurred by him was Rs. 16,000.
- f) The company paid his LIC premium of Rs. 12,000 during the year.
- g) Company has contributed to his statutory provident fund account at 13% of his salary. He also contributed an equal amount.
- h) His son gets free education in the school approved by the company and the cost of education is Rs. 1,500 per month.
- i) He was provided free lunch during office hours averaging Rs. 60 per lunch for 300 days.

Compute the taxable salary of Gaonkar.

16. Define agriculture income. Distinguish between agriculture and non-agriculture income with examples.
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