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BBMBMC 211

Credit Based III Semester B.B.M. Degree Examination, Nov./Dec. 2015
(2012 Scheme)
INCOME TAX

Time : 3 Hours

Max. Marks : 120

Instruction : Show the working note **wherever necessary.**

SECTION – A

(2 marks each)

1. Answer **any ten** of the following in **two** or **three** sentences **each** : **(2×10=20)**
- Define Assessment Year.
 - What are the twin objectives of Income Tax ?
 - Define Agricultural Income.
 - What do you mean by annual value of house property ?
 - What is meant by unrealised rent ?
 - How do you treat the single payment exceeding ₹ 20,000 in cash while computing business income ?
 - Define Profession.
 - When is an asset said to be a short term capital asset ?
 - Give the meaning of indexed cost of acquisition.
 - What do you mean by tax-free commercial securities ?
 - Give the meaning of Benami transaction.
 - Who is a specified employee ?

SECTION – B

(8 marks each)

Answer **any five** :

(8×5=40)

- Explain the various kinds of securities.
- How do you determine the residential status of an individual assessee ?
- Write note on Bondwashing transaction.

P.T.O.



5. Mr. Hemanth retired from service on 30-6-2014 after serving 28 years 5 months. He is covered under the Payment of Gratuity Act, 1972 and received a gratuity of ₹ 5,00,000. His monthly basic at the time of retirement was ₹ 30,000. While 10 months average salary prior to the month of retirement was ₹ 29,000. He also commuted $\frac{2}{3}$ of his pension and received ₹ 2,70,000. Determine the taxable gratuity and taxable commuted pension.
6. From the following particulars compute the gross total income of Mr. Suhan, if he is ordinarily resident, not ordinarily resident and non-resident.
- Profits earned from business in France, which is controlled from India, half of the profits being received in India ₹ 1,65,000.
 - Income from salary accrued and received in India ₹ 50,000.
 - Dividend declared in U.S.A. but received in India ₹ 10,000.
 - Salary from an Indian Company received in England ₹ 2,00,000.
 - Gift from relatives received in India ₹ 10,000.
 - Income from agriculture in Pakistan ₹ 50,000.
 - Income from house property in Japan remitted to India ₹ 25,000.
 - Salary received in U.S.A. for services rendered in Delhi ₹ 75,000.
 - Past untaxed profit brought to India during the previous year ₹ 10,000.
7. During the year ended 31-3-2015 Mr. David sold the following assets :

	Sale Proceeds (₹)
i) Shop purchased in 1986-87 for ₹ 14,000	2,50,000
ii) Machinery purchased in 1994-95 for ₹ 50,000 (Written down value on 1-4-2015 ₹ 35,000)	60,000
iii) Machinery purchased on 1-5-2014 ₹ 10,000	12,000
iv) Agricultural land in Agra purchased in 1979-80 for ₹ 10,000, fair market value on 1-4-1981 being ₹ 15,000	2,60,000
v) One residential house purchased in 1988-89 costing ₹ 32,200	2,93,000

During the year he bought another house for his residence for ₹ 1,50,000.

Compute the taxable capital gain. Cost inflation indices are 1981-82 – 100, 1986-87 – 140, 1988-89 – 161, 2014-2015 – 1024.



8. Sri Hariprasad a member of Parliament, gives the following particulars. Compute his taxable income from other sources for the Assessment Year 2015-16 :
- a) M. P. salary ₹ 15,000 per month.
 - b) He won ₹ 10,000 (gross) cross word puzzles.
 - c) Winnings from Kerala lottery (net) received ₹ 35,000.
 - d) ₹ 50,000 received as interest on 10% Karnataka Govt. loan.
 - e) Rent received from letting out a building along with plant, machinery and furniture therein ₹ 25,000.
Expenses on composite letting allowed : depreciation of furniture ₹ 600, insurance ₹ 500, repairs ₹ 2,000.
 - f) Royalty received in respect of book from a publisher ₹ 25,000.
He claims expenses on stationery ₹ 4,000.
 - g) 10% ₹ 25,000 debentures of Paints Ltd.
 - h) ₹ 4,500 received as interest on tax-free debentures of a company.

SECTION – C
(20 marks each)

(20×3=60)

Answer any three :

9. Mr. Karunakar is the purchase officer in a company. He furnishes the following particulars of his income.
- a) Basic ₹ 25,000 p.m.
 - b) DA 50% of the basic.
 - c) Bonus ₹ 8,400.
 - d) Commission (ordinary) ₹ 10,000.
 - e) Conveyance allowance ₹ 1,200 p.m.
 - f) House Rent Allowance ₹ 2,000 p.m. for the house at Mangaluru. The house is furnished by the employer at a cost of ₹ 10,000.
 - g) He contributes 13% of his salary to RPF to which equal contribution is made by the company. Interest credited to RPF at 13% p.a. amounted to ₹ 65,000.
 - h) He has been provided with a large car for official and personal use. All expenses including driver's salary are borne by the company.
 - i) During the year he invested ₹ 5,000 in PPF and ₹ 12,000 in NSC.
- Compute his taxable salary and deduction u/s 80 C for the A.Y. 2015-16.

10. Sanjay Singh furnishes the following particulars of the house property :

House	I	II	III	IV
Annual Municipal Value (₹)	1,00,000	1,20,000	1,60,000	2,00,000
Rent received (₹)	1,20,000	1,44,000	2,40,000	Nil
Fair market value (₹)	1,08,000	1,30,000	2,00,000	2,40,000
Standard rent (₹)	—	1,20,000	2,20,000	Nil
Purposes	Letout	Letout	Letout	Own
Municipal taxes (₹)	10,000	12,000	16,000	20,000
Repairs (₹)	50,000	60,000	Nil	80,000
Interest on housing loan (₹)	Nil	50,000	20,000	35,000

Compute his Income from House Property.



11. From the following Profit and Loss Account of Shri Devi Plastics for the previous year

To Opening Stock	30,000	By Sales	6,10,000
" Purchases	1,59,000	" Dividend	6,000
" RBD	10,000	" Int. on Govt. Security	50,000
" Rent	20,000	" Dividend from Foreign Company	12,000
" Advertisement	5,000	" Closing Stock	32,000
" Reserve for Income Tax	7,000		
" Wages and Salary	50,000		
" Dep. on Machinery	5,000		
" Wealth Tax	7,000		
" Interest	7,000		
" O/s Sales Tax	15,000		
" Insurance	2,000		
" Donation	25,000		
" Loss on sale of old typewriter	3,000		
" Computer	45,000		
" Staff Welfare Fund	40,000		
" To Net Profit	2,80,000		
	7,10,000		7,10,000

you are required to compute taxable income after taking into account the following information :

- Baddebts amounted to ₹ 2,000.
- Purchases included ₹ 25,000 paid in cash.
- Allowable depreciation amounted to ₹ 4,000. Depreciation on computer @ 60% should be charged separately.
- Sales tax due was paid before filing the return on income.
- Donation given was to a Charitable Trust.

12. What do you mean by perquisite ? Explain different types of perquisites.