

**BCMCMC 213**

Credit Based III Semester B.Com. Degree Examination, Oct./Nov. 2017
(2015 – 16 Batch Onwards)
BUSINESS TAXATION – I (Commerce) (Elective)

Time : 3 Hours

Max. Marks : 80

Instruction : Show working notes wherever necessary.

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.
3. Write a note on Section 80D.
4. Johnson, a citizen of USA has been living in India since 2003-04. He leaves India on 16-7-2016, on a visit to USA and returns to India on 4-1-2017. Determine his residential status for the P.Y. 2016 – 2017.
5. Roopesh aged 53 years opted for VRS after serving for 24 years and 7 months, he received Rs. 1,20,000 as compensation. He had 6 years and 5 months of service left. His last drawn salary was 15,000. Find out taxable and exempted amount of compensation.
6. Find the taxable amount of HRA of Miss Panchali from the following particulars :
 - a) Basic salary Rs. 20,000 p.m.
 - b) Dearness pay @ 10% of basic (considered for retirement benefit).
 - c) Commission based on fixed percentage of sales at 1% on the annual sales of Rs. 25,00,000.
 - d) Actual H.R.A. received Rs. 3,000 p.m.
 - e) Actual rent paid Rs. 2,000 p.m.
 - f) House is situated at Madikeri.



SECTION – B

Answer **any four** of the following :

(8×4=32)

7. Explain the types of provident fund.
8. State the meaning and characteristics of the term 'Income'.
9. Mr. Kiran was employed in a factory at Mysore. He retired on 1-1-2017 after completing a service of 26 years and 5 months. He had been getting a salary of ₹ 23,000 per month and a dearness allowance of ₹ 2,000 p.m. (forming part of retirement benefits) for the last four years. He received a gratuity of ₹ 4,00,000 and as per entitlement of 30 days earned leave for each year of service, he also received ₹ 3,00,000 for encashment of earned leave of 11 months during the previous year.
Compute taxable Earned Leave encashment and gratuity, assuming he is not covered under Payment of Gratuity Act.
10. From the following information, compute the amount of deduction u/s 80C of Income Tax Act :
 - 1) Premium paid Rs. 15,000 , on own life policy (policy value Rs. 1,00,000). (Policy is taken after 1-4-2012).
 - 2) Premium paid on the life policy of his major son Rs. 20,000.
 - 3) Premium paid on life policy of married daughter Rs. 15,000.
 - 4) Contribution to unrecognised provident fund Rs. 20,000.
 - 5) Contribution to Recognised Provident Fund Rs. 38,000 (Interest accrued thereon Rs. 10,000).
 - 6) Purchase of NSC IX issue Rs. 95,000.
 - 7) Interest accrued on NSC Rs. 8,000; interest on NSC matured Rs. 8,000.
11. Prasanna is working as a General Manager of D'Souza Ltd. at Mangaluru. Particulars of his salary for the previous year 2016 – 17 are as under :
 - i) Salary ₹ 10,000 p.m.
 - ii) Bonus ₹ 19,200
 - iii) City compensatory allowance Rs. 14,000
 - iv) Medical allowance ₹ 500 p.m.
 - v) Company pays a rent of 30,000 towards this accommodation for the year
 - vi) Company has provided furniture worth ₹ 1,00,000
 - vii) Amount collected from Prasanna towards rent ₹ 1,200 p.m.Compute perquisite value of rent free accommodation at a concessional rent.
12. Write a note on medical benefits, as a tax free perquisite.

SECTION – C

Answer any two of the following :

(16×2=32)

13. Explain the concept of Agricultural Income in detail.
14. From the following information find out the Gross Total Income of Ms. Rekha for the A.Y. 2017 – 18 if she is :
- Ordinarily Resident
 - Not Ordinarily Resident and
 - Non Resident.
- Income from business in Mangaluru received in London ₹ 75,000.
 - Income from business in Mysore controlled from Dubai ₹ 90,000.
 - Income from business in Dubai ₹ 1,30,000, controlled from London. Half of the amount received in India.
 - Agriculture income from Sri Lanka ₹ 30,000.
 - Interest on Canada growth bonds ₹ 60,000, $\frac{2}{3}$ rd received in India.
 - Interest on deposits in State Bank of India branch in Dubai ₹ 30,000.
 - Past untaxed foreign income brought into India ₹ 15,000.
 - Gifts worth ₹ 60,000 received from friends on the occasion of marriage anniversary.
 - Profit on sale of building in Madikeri ₹ 1,10,000 credited to Bank A/c in Dubai.
 - Royalty income for technical service provided in London directly credited to Indian Bank Account ₹ 1,00,000.
 - Income from business in Singapore controlled from Mangaluru ₹ 75,000.
 - Dividend received from ACC Ltd. (Indian company) ₹ 7,000.
 - Rental income from a property in India ₹ 48,000.
 - Property income in London (out of which ₹ 1,20,000 was remitted to India) ₹ 3,00,000.
15. Compute taxable income under the head 'Salary' of Mr. Praveen for the previous year 2016 – 17 from the following information.
- Basic salary ₹ 25,000 p.m.
 - Dearness allowance (60% of which is included for retirement benefits) ₹ 10,000 p.m.
 - Children education allowance (for three children) ₹ 250 p.m. per child.



- d) Children hostel allowance (for three children) ₹ 400 p.m. per child.)
- e) Reimbursement of club facility bill availed by the employee, Mr. Praveen from his employer ₹ 15,000.
- f) Gift of Fast Track Watch ₹ 8,000.
- g) Rent free unfurnished accommodation at Mumbai (population more than 25 lakh) owned by the employer.
- h) Motor car of 1.8 litre with driver both for official and private purposes.
- i) Facility of Cook, Sweeper, Gardener and Watchman, each being paid ₹ 1,200 p.m. by the employer.
- j) Telephone facility at his residence. The employer incurred ₹ 1,200 for this purpose.
- k) The employer deducted ₹ 200 p.m. as his professional tax.

16. Mrs. Deepthi furnishes the following information :

Basic ₹ 13,500 p.m.

D.A. 100% of basic (50% enters for provident fund benefits)

CCA ₹ 300 p.m.

Conveyance allowance ₹ 1,500 p.m.

She took 2 months salary (Basic + DA + CCA) as advance in February 2017 for meeting the education expenses of her daughter.

She contributed 13% of her salary to Recognised Provident Fund to which the company contributed 14%.

Interest credited to RPF A/c at 12% amounted to ₹ 36,000.

The company provided her with a rent free house, company paid rent of ₹ 3,000 p.m.

Cost of furniture supplied was ₹ 40,000

Her brothers daughter is getting free education in a school run by the company and the expenses of such education amounts to ₹ 1,500 p.m.

During the year she made the following payments and investments :

LIC premium (own life) 14,500

LIC premium (husband life) 20,400

PPF deposit 10,000

Housing loan repaid 30,000

(Including interest ₹ 12,000)

Professional tax paid 2,400

Compute Taxable Salary and Deduction under Section 80C.