

Roll No



**PRESIDENCY UNIVERSITY
BENGALURU**

**SCHOOL OF COMMERCE
MAKE-UP EXAMINATION - SEP 2023**

Course Code : BFS109
Course Name : BFS109 - Income Tax
Program : B.Com. Honors

Date : 30-SEP-2023
Time : 9.30AM-12.30PM
Max Marks : 100
Weightage : 50%

Instructions:

- (i) Read all questions carefully and answer accordingly.
- (ii) Question paper consists of 3 parts.
- (iii) Scientific and non-programmable calculator are permitted.
- (iv) Do not write any information on the question paper other than Roll Number.

PART A

ANSWER ALL THE QUESTIONS

(10 X 2 = 20M)

1. What are Cannons of Taxation?
(CO1) [Knowledge]
2. What is Assessment Year?
(CO1) [Knowledge]
3. What is HRA?
(CO2) [Knowledge]
4. How do you treat commuted pension for Government employee and Non Government employee?
(CO2) [Knowledge]
5. State the salary for the purpose of computation of taxable value of rent-free accommodation.
(CO2) [Knowledge]
6. What is Fair rental Value?
(CO3) [Knowledge]
7. Give the meaning of Municipal Value.
(CO3) [Knowledge]
8. Mention any four admissible expenses while calculating income from business.
(CO4) [Knowledge]
9. If net income from horse race is Rs.2,10,000, find the gross amount?
(CO4) [Knowledge]
10. What is Gross Total Income?
(CO5) [Knowledge]

PART B

ANSWER ALL THE QUESTIONS

(4 X 10 = 40M)

11. A. Mr Rithesh, a citizen of U.K. came to India for the first time on 01-05- 2014. He stayed here without any break for 3 years and left for Bangladesh on 01-05-2017. He returned to India on 1-4-2018 and went back to U.K. on 1-12-2018. He was posted back to India on 20-1-2020. Determine his residential status for the A.Y. 2020-21.
- B. From the following particulars of Mr Naveen compute his Gross Total Income for the A.Y. 2022-23. If he is a) ROR b) R but NOR c) NR.
- i. Income from house property in Pakistan received there Rs20,000.
 - ii. Profit from business in Iran received in India Rs10,000.
 - iii. Income from house property in Bangladesh deposited in a bank there Rs10,000.
 - iv. Profit from business in Indonesia deposited in a bank, this business is controlled from India Rs30,000.
 - v. Profit from software business in Bangalore controlled from USA Rs30,000.

(CO1) [Comprehension]

12. A. Mr. Suraj resides in Chennai. During the previous year 2021-200, He gets Rs. 12000 p.m. as basic salary. He gets D.A. at 20% of basic salary, fixed medical allowance of Rs. 300 p.m. and special allowance of Rs 250 p.m. He has been provided with rent free accommodation. The cost of furniture provided being Rs. 120000. Compute taxable value of furnished accommodation for A.Y. 2022-23.
- B. Mrs. Uma resides in Bombay. During the P.Y. 2021-22, she gets Rs. 12000 p.a., as basic salary and 20% of basic pay as Dearness allowance (enters for retirement benefits). She has also received a commission of Rs. 15000 (calculated at 2% on turn over achieved by her). HRA received by her is Rs 11800 p.a., but rent paid is Rs. 14800 p.a. Calculate the taxable HRA for the Assessment Year 2022-23.

(CO2) [Comprehension]

13. Smt Indira owns a house property which is let-out for business purpose. Following particulars are_ furnished:

Municipal Valuation	Rs60,000
Fair Rental Value	Rs78,000
Standard Rent	Rs72,400
Annual Rent	Rs84,000
Unrealised Rent	Rs7,000
Municipal Tax paid by owner	Rs3,000
Municipal Tax paid by tenant	Rs3,000

Date of Completion of Construction 31-05-15

She had borrowed Rs6,00,000 for construction. The date of borrowing of loan is June 15,2013 and repayment of loan along with interest is31-12-2017 and the rate of interest on loan is 15%p.a.

Compute taxable income from House Property for the A.Y.2022-23.

(CO3) [Comprehension]

14. The Following are the particulars of Mr. Varun for the previous year 2021-22. You are required to compute his taxable income and tax liability for the assessment year 2022-23.

Winning from Karnataka State lottery	1,00,000
Life insurance premium paid	20,000
Casual income from Cross word puzzle	6,400
Business income	9,50,000
Rent from House Property	20,000
Municipal tax Paid by Assessee	2,500
Long Term Capital gain	45,000

(CO5) [Comprehension]

PART C

ANSWER ALL THE QUESTIONS

(2 X 20 = 40M)

15. A. The following particulars relates to the income of Mr. Pushpa Raj for the previous year 2021-22. He is employed in a cotton textile mill at Bangalore on a monthly salary of Rs. 25000. He is also entitled to a commission @ 1% of sales effected by him. The sales effected by him during the previous year amounted to Rs. 4000000. He received the following allowances and perquisites during previous year:
- Dearness pay at Rs. 6000 per month.
 - Bonus at two months basic salary.
 - Entertainment allowances @ Rs. 2000 per month.
 - House rent allowances at Rs. 5000 per month.
 - The employer paid Rs. 10000 towards the income tax liability of Mr. Pushpa Raj.
 - The employed provided a telephone at his residence by meeting all expenses amounting to Rs. 6000 for the year.
 - He and his employer contributed 15% of his salary to his R.P.F. and interest credited to this fund at 10% amounted to Rs.30000 during the previous year.
 - He spent Rs. 6000 per month as rent of the house occupied buy him in Bangalore. Compute his taxable income under the head salaries for the Assessment Year 2022-23.
- B. Mr. Ashwin, a Trader furnishes the following information:

Profit and Loss Account for the year ending 31/03/2022

Particulars	Rs.	Particulars	Rs.
To General Expenses	4,80,000	By Gross Profit	22,00,000
To Salary to Staff	2,40,000	By Commission	40,000
To Salary to Ashwin	1,20,000	By Bad Debts Recovered (earlier allowed)	60,000
To Interest on Capital	60,000	By Interest on listed debentures	1,00,000
To Interest on Overdraft	40,000		
To Extension of Building	1,50,000		
To Interest on Loan	40,000		
To Depreciation	1,20,000		
To Travelling Expenses	80,000		
To Audit Fees	72,000		
To Fire Insurance	78,000		
To Bonus to staff	1,00,000		
To Contribution to RPF	1,22,000		
To Advertisement	2,00,000		
To Reserve for Bad Debts	60,000		
To Bad Debts written off	90,000		
To Net Profit	3,48,000		
	24,00,000		24,00,000

Other Information:

- i. Depreciation allowable as per IT rule Rs. 140000.
- ii. Advertisement include Rs. 50000 being cost of permanent sign board.
- iii. Income of Rs. 60000 accrued during the previous year not entered in P. & L. A/C.
- iv. Loan was taken to pay Income Tax arrears.
- v. Rs. 40000 paid as damages for failure to full fill a contract on time included in general expenses.

(CO2) [Application]

16. A. The following is the Receipt and Payment Account of Mr. Pradeep a Chartered Accountant for the P.Y. ended on 31.03.2022.

Particulars	Rs.	Particulars	Rs
To Balance b/d	1,50,000	By Staff salary	3,00,000
To Audit fee	2,00,000	By Stipend to Audit Clerks	1,00,000
To Tax consultancy fee	2,50,000	By Office rent	90,000
To Project report fee	2,50,000	By Software development expenses	10,000
To accounting software charges	50,000	By Office expenses	1,25,000
To Guest lectures in CA institute	25,000	By Books - Annual - Non-Annual	30,000 30,000
To Bank interest	25,000	By Car Expenses	65,000
To Remuneration as member tax reforms commission	20,000	By CA Institute Membership Fee	5,000
		By Contribution to PPF	50,000
		By Balance c/d	1,65,000
	9,70,000		9,70,000

Other Information:

- i. $\frac{1}{4}$ car usage is personal.
 - ii. Depreciation on Car Rs. 10000
 - iii. Depreciation on Office Furniture Rs. 7000
- B. Mr. Surya Parkash is employed in a firm at Jaipur and he furnishes the following particulars of his income for the A.Y. 2022-23:
- i. Salary received after deduction of (his own contribution to RPF Rs. 8400 and income tax at source Rs. 3600) Rs. 84000.
 - ii. Employee contribution to RPF-Rs. 8400.
 - iii. Dearness allowance Rs. 15000 (under terms of employment)
 - iv. Tribal area allowance Rs. 350 p.m.
 - v. Rs. 1000 p.m. as conveyance allowance (50% used for official purpose)
 - vi. Rs. 2500 p.m. as HRA and Mr. Surya Parkash has taken house paying a rent of Rs. 2000 p.m.
 - vii. He receives Rs. 4000 for surrendering one month earned leave salary.
 - viii. His group insurance premium is also paid by the company Rs. 5000.
 - ix. He went on a tour for office purpose and received travelling allowance Rs. 10000.
 - x. He was also given motor car of the firm for Rs. 2000, the company purchased it on 01/04/2019 for Rs. 60000.
 - xi. Tax on employment paid by him Rs. 500p.m.
- Compute Taxable Income from Salary.

(CO4) [Application]