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**Presidency University**

**Bengaluru**

**SCHOOL OF COMMERCE**

**Summer Term End Term Examinations, August 2024**

**Winter Semester**: 2023 - 24

**Course Code**: BFS109/COM2015

**Course Name**: Income –Tax 1

**Program & Sem**: B.com H

**Date**: 09 / August / 2024

**Time**: 9.30AM-12.30 PM

**Max Marks**: 100

**Weightage**: 50%

**Instructions:**

1. *Read the all questions carefully and answer accordingly.*
2. *Question paper consists of three parts.*
3. *Scientific and Non Programable Calculators are Permitted.*
4. *Do not write any information on the question paper other than roll number.*

**Part A**

**Answer any FIVE Questions. (5 Q x 2 M = 10 M)**

1. Write two examples of direct taxes? (C.O.No.1) [Knowledge]

2. Expand PAN (C.O.No.2) [Knowledge]

3. Mention any two exempted Incomes. (C.O.No.3) [Knowledge]

4. Write any two types of provident fund? (C.O.No.4) [Knowledge]

5. Explain long term capital gain? (C.O.No.5) [Knowledge]

6. Explain the tax advantage of medical insurance premium? (C.O.No.6) [Knowledge]

7. Rent from open plot is considered under which source of income? (C.O.No.7) [Knowledge]

**Part B**

**Answer any FIVE Questions. (5 Q x 10 M = 50 M)**

8. From the following particulars compute the income from house property for the assessment year 2023-24.

|  |  |  |
| --- | --- | --- |
| **Particulars** | **House-I** | **House-II** |
| Municipal value per year | 2,00,000 | 2,40,000 |
| Fair rental value per year | 2,40,000 | 3,00,000 |
| Standard rent per year | ------- | 3,60,000 |
| Rent receivable per year | -------- | 4,80,000 |
| Nature of occupation | SOP | LOP |
| Municipal taxes | 20,000 | 24,000 |
| Repairs expenses | 30,000 | 20,000 |

(C.O.No.01) [Comprehension]

9. Explain the deduction available under section 80c (C.O.No.2) [Knowledge]

10. From the following Receipts and Payments Account and the information furnished by Dr. Amog Medical practitioner. Compute his income from profession for the AY 2023-24.

|  |  |  |  |
| --- | --- | --- | --- |
| **Receipts** | **Amount** | **Payments** | **Amount** |
| Balance b/d | 6,000 | Household expenses | 16,000 |
| Consultation fees | 1,20,000 | Salary to staff | 48,000 |
| Visiting fees | 40,000 | Laboratory expenses | 22,000 |
| Sale of medicines | 60,000 | Car expenses | 16,000 |
| Winning from lotteries | 25,000 | Surgical equipment | 10,000 |
| Dividend on shares | 3,000 | Books ( Medical) | 3,000 |
| Interest on POSB A/c | 2,500 | Membership fees | 1,250 |
| Gift received | 8,000 | Charity | 2,500 |
| Interest on fixed deposits | 1,500 | Income tax | 4,000 |
| Salary as part time lecturer in a college | 15,000 | Purchase of car | 1,05,000 |
|  |  | Gift to daughter | 7,000 |
|  |  | Purchase of Medicine | 40,000 |
|  |  | Balance c/d | 6,250 |
| **TOTAL** | **2,81,000** | **TOTAL** | **2,81,000** |

Adjustments:

1. ¼ of car expenses pertains to private purpose.
2. Depreciation on car at 15% , on surgical equipment at 40% and on books at 40% p.a.
3. Gifts received include Rs. 5,000 from patients and remaining from relatives.
4. Closing stock of medicines amounted to Rs. 6,000.
5. Membership fees paid are pertaining to all India Medical Association.

(C.O.No.3) [Comprehension]

11. The following is the profit & Loss account of Mr. Anil for the previous year 2022-23. Compute his income from business for the AY 2023-24

|  |  |  |  |
| --- | --- | --- | --- |
| **Particulars** | **Amount** | **Particulars** | **Amount** |
| To office salaries | 26,000 | By Gross Profit | 1,20,000 |
| To proprietors salary | 15,000 | By profit on sale of car | 25,000 |
| To interest on capital | 5,000 | By Bad debts recovered ( disallowed earlier) | 5,000 |
| To General expenses | 17,000 | By Dividend from Indian Company | 7,200 |
| To Advertisement | 4,700 |  |  |
| To Income-tax | 10,000 |  |  |
| To Depreciation | 5,000 |  |  |
| To Donation to a school | 2.500 |  |  |
| To Car expenses | 2,000 |  |  |
| To Provision for bad debts | 6,000 |  |  |
| To Net Profit | 64,000 |  |  |
| **TOTAL** | **1,57,200** | **TOTAL** | **1,57,200** |

(C.O.No.4) [Comprehension]

12.(A) Mr. Nagesh is a Non-government employee is getting a pension of Rs. 12,000 per month. During the previous year he commuted 2/3 of the pension and received Rs. 2, 00,000. Calculate the exempted and taxable amount of commutation of pension if:

1. If he receives gratuity
2. If he does not receives gratuity.

(B) Find out the taxable and exempted HRA u/s 10 (13A) from the following particulars. For the A.Y 2023-24

1. Basic Salary Rs. 7,200 pm
2. D.A ( Enter into retirement benefits) 200 pm
3. HRA received 3,000 pm
4. Rent paid by the employee Rs. 2,000 pm

Place of employment in Gulbarga. (C.O.No.5) [Comprehension]

13. Mr. Suresh has made donations to the following funds and institution during the previous year 2022-23.

a) National defense fund Rs. 30,000

b) Prime Minister’s National Relief Fund Rs. 15,000

c) Aid to poor students Rs. 1,500

d) Books donated to approved college Rs. 3,000

e) Vijaynagar University College Association (Approved) Rs. 45,000

f) Municipality for promoting family planning Rs. 15,000

His gross total income amounted to Rs. 4, 50,000 including long term capital gain of Rs. 90,000.

Compute the deduction allowable to him u/s 80G for the assessment year 2023-24.

(C.O.No.6) [Comprehension]

14. Following are particulars of income & losses given by Mr. Maruti for the previous year 2022-23. a) Income let out property. Rs. 1, 00,000.

b) Loss from self-occupied property Rs, 1, 25,000

c) Profits from cloth business Rs. 1, 00,000

d) Loss from cotton business Rs. 50,000.

e) Speculation loss Rs. 20,000

f) Long term capital loss Rs. 15,000

g) Short term capital loss Rs. 20,000

Compute the gross total income of Mr. Maruti for the A.Y. 2023-24.

(C.O.No.7) [Comprehension]

**Part C**

**Answer any TWO Questions. (2 Q x 20 M = 40 M)**

15. Mr. Shubham working in private company furnishes the following information on his salary income for the previous year 2022-23

1. Basic salary of Rs. 30,000 pm
2. Dearness allowances Rs. 10,000 pm ( enters into retirement benefit)
3. Bonus equal to 2 months basic salary
4. City compensatory allowance Rs. 2,500 pm
5. Medical allowances Rs. 1500
6. Educational allowances for two children at Rs. 500 pm per child and hostel allowances Rs. 750 pm per child for two children
7. House rent allowances Rs. 6,000 pm. He is living in a rented house at Hubli by paying a rent of Rs. 8,000 pm.
8. He is provided with motor car of 1,800 cc along with driver. Company meets all the running and maintenance expenses. The car is used both for private and official purposes.
9. He contributes to recognized provident fund at 14% of the salary and the employer contributes similar amount.
10. Interest credited to the accumulated balance of the fund at 11% Rs. 4,400 during the year.
11. He has been provided with free service of sweeper and watchman at a monthly salary of Rs. 300 and 400 respectively which is paid by the company.
12. Assesses paid the professional tax at Rs. 200 pm

Compute his income from salary for the assessment year 2023-24.

(C.O.No.1) [Comprehensive]

16. (A) From the following information provided by Mr. Sham, compute the amount of deduction U/C 80C for the assessment year 2023-24.

1. Subscription to NSC ( VIII issue) 10,000
2. Contribution to public provident fund 20,000
3. Life Insurance premium on his own life 20,000
4. Contribution to unrecognized PF 12,000
5. Contribution to Statutory PF 8,000
6. Accrued Interest on NSC ( VIII Issue) 10,000
7. Life Insurance premium on mother life 10,000
8. Investment in infrastructure bonds 20,000

(B) From the following details compute income from other sources

1. Income from letting on hire of building & machinery Rs. 1,32,000 under composite lease
2. Interest on bank time deposits Rs. 2,500
3. Directors sitting fees received Rs. 1,200
4. Ground rent Rs. 1,200
5. Income from undisclosed sources Rs. 14,000
6. Winning from lotteries ( Net) Rs. 14,000

The following deductions are claimed by him

Allowable depreciation on building and machinery Rs.4, 000

Fire Insurance on building and machinery Rs. 120

(C.O.No.2) [Comprehensive]

17. **(a)** Mr. Narayan, an Indian citizen leaves India for the first time on 1-6-2022 and comes back on 30-4-2023. What is his residential status for the previous year 2022-23.

**(b)**The following are the incomes of Mr.Babu for the previous year 2022-23.

1. Income from agriculture in Bangladesh Rs. 30,000

2. Profit from business in Indore (Controlled from London) Rs. 25,000

3. Salary credited to his account in London for his service in Bombay Rs. 50,000

4. Income earned and received in Germany and deposited in a bank there only Rs. 10,000

5. Foreign untaxed income of past previous years remitted to India Rs. 99,999

6. Dividend from a foreign company received in England and deposited in a bank there Rs. 15,000

7. Income from house property in India received in U.K Rs. 5,000.

8. Agriculture income from India Rs. 18,000 received in Bangalore.

(**C)** Explain the provisions of residential status of Individual of assesse.

(C.O.No 3) [Comprehensive]