

FACULTY OF COMMERCE**B.Com. III – Semester (CBCS) Examination, November / December 2019****(Common Paper for General / Computers /Computer Applications /
Advertising / Foreign Trade and Tax Procedure Courses)****Subject: Income Tax - I****Paper Code – BC – 305****Time: 3 Hours****Max.Marks: 80 PART – A (5x4 = 20 Marks)****[Short Answer Type]****Note: Answer any five of the following questions in not exceeding 20 lines each.**

- 1 Direct taxes Vs Indirect Taxes
- 2 Partly Agricultural Income
- 3 Salary
- 4 Annual Value
- 5 Deemed Profits
- 6 Calculate Gross Annual Value from the particulars given below:
MRV – Rs.65,000; FRV – Rs.69,000; Standard Rent – Rs.55,000 and Annual Rent – Rs.1,02,000. During the previous year 2018-19 the Assessee could not realize rent for one month and the house also remained vacant for three months.
- 7 Mr.Srinivasu, a Canadian National came to India during the Financial Year 2018-19 for 180 days, find out his Residential Status for the Assessment Year 2019-20.
- 8 Mr.Hari Krishna receives Rs.50,000 per month as Salary. He is also getting D.A. of Rs.26,000 per month. He receives Rs.50,000 as Bonus. On 30-5-2018, he retired from his service. He had service of 29 years and 5 months. He received Rs.10,00,000 as Gratuity under the Payment of Gratuity Act. Compute the Taxable Gratuity for the Assessment Year 2019-20.

PART – B (5x12 = 60 Marks)**[Essay Answer Type]****Note: Answer the following questions in not exceeding four pages each.**

- 9 a) Explain the Incomes exempted from tax under Income Tax Act.

OR

- b) Following are the incomes of Sri Amaranth for the financial year 2018-19
- Interest on Saving Bank Account in Punjab National Bank, Hyderabad Rs.2,500
 - Income from Agriculture in America invested in Nepal Rs.1,50,000
 - Dividend received in U.K. from a China Company, a part of which Rs.5,000 remitted to India Rs.20,000
 - Pension computed received in Belgium for services rendered in India with a Limited Company.

You are required to compute Rs. 30,000, his is Gross Total Income for the Assessment Year 2019-20 if he is a resident, not ordinarily resident and non-resident.

-2-

10 a) Define Integration and how to determine the Tax on Integration Process.

OR

- b) Compute Agricultural Income of Mr. Harish from the details of cultivation of land: Sale proceeds of agricultural produce Rs. 1,60,000
Depreciation of Equipment Rs.6,000
Labour Charges Rs. 24,000
Cost of Seeds Rs. 6,000 Cost of Fertilizers Rs.3,000
Electricity Charges Rs. 12,000.

11 a) Explain the different kinds of Provident Funds and its tax treatment.

- b) Mr.Kiran is working as Sales Executive in Maruthi Ltd. Hyderabad and his salary details are as follows for the Previous Year 2018 -19. Basic Salary Rs.51,000 per month, Bonus equal to two months Basic Salary, Commission 3% on Sales (During the year he reached sales target of Rs.5,00,000), Dearness Allowance Rs.17,000 per month (eligible for retirement benefits), Medical Allowance Rs.5,400 per month, (Medical Expenses Rs.54,000), Children Hostel Allowance for his two children @ Rs.1000 per month per child. Children Education Allowance for his two children Rs.1200 per month per child. RPF Contribution by the Company Rs.6000 per month. RPF Contribution by Employee Rs.5000 per month. Interest credited on RPF 8% Rs.44,000. He has been provided with company's owned rent free furnished house in Mumbai and Cost of Furniture provided is Rs.60,000. Mr.Kiran paid his Professional Tax Rs.2,400 per annum, Compute Taxable Salary for the Assessment Year 2019-20.

12 a) What are the deductions allowed from Annual Value, while computing the income from House Property?

OR

- b) Mr.Bhaskar (resident) owns a big house, the construction of which was completed in May 2010, 50% of the floor area is let-out for residential purposes on a monthly rent of Rs.6000. However, this portion remained vacant for one month during 2018-19, 25% of the floor area is used by the owner for the purpose of his profession, while remaining 25% of the floor area is utilized for the purpose of his residence. Other particulars of the house are as follows:

-3-

Municipal Valuation Rs.60,000, Standard Rent Rs.90,000, Municipal taxes paid Rs.12,000, Repairs Rs.3,000, Interest on Capital borrowed for repairs Rs.28,000, Ground Rent Rs.4,000, Annual Charges Rs.6000, Free Insurance Premium Rs.1200. Compute the Income from House Property of Mr. Bhaskar for the Assessment Year 2019-20.

13 a) Define Block of Assets. Explain in detail about the Tangible Assets and Intangible Assets.

OR

b) From the following Profit and Loss Account of Sri Murthy a Sole Trader, compute his Business Income for the Assessment Year 2019-20.

Particulars	Amount	Particulars (Rs.)	Amount (Rs.)
To General Expenses	18,000	By Gross Profit	89,000
To Staff Salaries	7,000	By Bad Debts Recovered	1,000
To Bad Debts	3,000	By Income Tax Refund	4,500
To Depreciation	4,000	By Dividend on Shares	8,000
To Advertisement	5,000	By Dividend on Units of U.T.I.	5,000
To Income Tax Appeal	11,000		
To Fire Insurance Premium on Stock	2,000		
To Donations to National Defense Fund	7,000		
To Patents Purchased	10,500		
Audit Fees	1,000		
To Provision for Doubtful Debts	3,800		
To Life Insurance Premium	5,200		
To Net Profit	30,000		
Total	1,07,500	Total	1,07,500

Other Information

- 1) Patents are purchased in the previous year.
- 2) Bad debts recovered is allowed earlier.
- 3) Depreciation on Assets other than Patents is Rs. 4,800.

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