



SN – 405

46

V Semester B.B.M. Examination, Nov./Dec. 2013

(Prior to 2013-14 Scheme) (Repeaters)

**BUSINESS MANAGEMENT**

**5.1 : Income Tax**

Time : 3 Hours

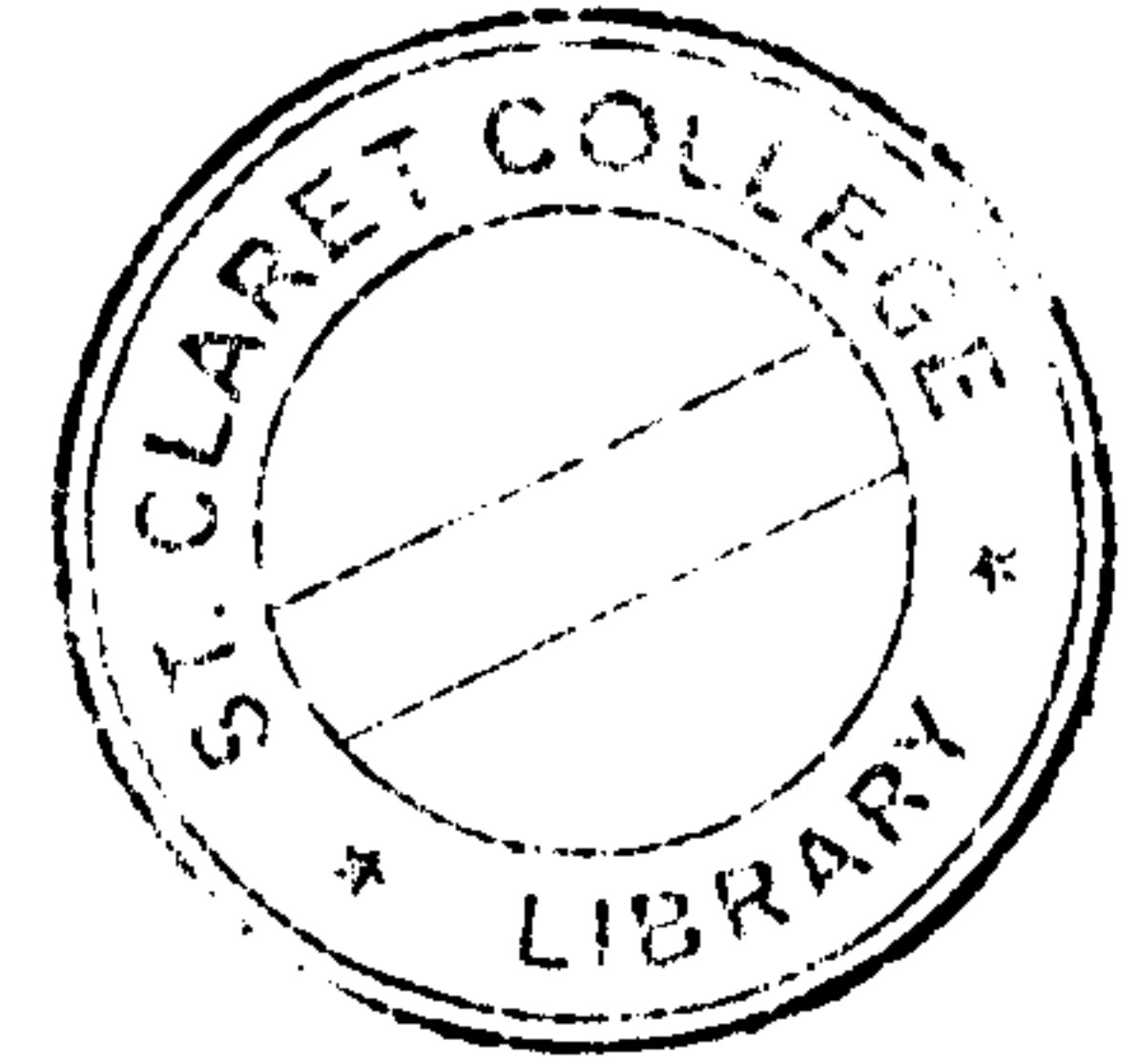
Max. Marks : 90

**Instruction :** Answers should be written only in **English**.

SECTION – A

(Answer **any ten** sub-question. **Each** sub-question carries **two** marks) : (10×2=20)

1. a) What is meant by perquisite ?
- b) What is transferred balance ?
- c) Define the term Agricultural Income.
- d) What is fair rent ?
- e) What is casual income ?
- f) Who is a Deemed Assessee ?
- g) Who is a specified employee ?
- h) State the different types of Provident Fund.
- i) What is Gross Total Income ?
- j) Mention the provisions of Section 80D.
- k) What is a short-Term Capital Asset ?
- l) Give the classification of Residents.



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## SECTION – B

Answer **any five** questions. **Each** question carries **five** marks :

(5×5=25)

2. State the conditions for determination of Residential Status of Individual Assessees as per the Income Tax Act.

3. From the following incomes of Mr. Chandru for the previous year ended 31-03-2013, compute his Income from other sources.

Honorarium received for writing articles	₹ 1,000
Income from Agriculture in Sri Lanka	₹ 2,500
Ground Rent received	₹ 5,000
Interest on Post Office Savings Bank A/c	₹ 1,000
Interest on Deposits with IFCI	₹ 250
Dividend from Foreign Company	₹ 350
Winnings from Horse Race (Gross)	₹ 2,000

4. Mr. Raj who is not covered under the payment of Gratuity Act' 1972 receives a Gratuity of ₹ 11,64,000 when he retired on 23-06-2012 after rendering a service of 34 years. His last drawn emoluments are as follows :

Basic Salary ₹ 75,000 per month

Dearness Allowance ₹ 15,000 per month

Annual increment of ₹ 3,000 p.m. falls due on 1<sup>st</sup> January every year.

Calculate the amount of Gratuity exempt from tax for the Assessment Year 2013-14.

5. Mr. Pradeep an Indian Citizen was born in America. He came to India when he was of 12 years of age and went to England for the first time when he was 25 years of age. He left for America in May' 2010 and returned back to India on 1-11-2012.

Determine his residential status for the A. Y. 2013-14.



6. Mr. Bedi is a Government Employee. He is living in a furnished bungalow provided by the Government free of rent. His salary is ₹ 50,000 per month. The rent of unfurnished bungalow as per government rules is ₹ 2,000 per month. He is provided furniture costing ₹ 1,60,000. Calculate the value of rent-free accommodation for the purpose of Income Tax.
7. Mr. Venkatesh is getting a pension of ₹ 12,000 per month from a company. During the previous year he got his two-third pension commuted and received ₹ 7,38,000. Compute the exempted amount if :
- a) He also received Gratuity
  - b) He did not receive Gratuity.
8. From the following information compute the Net Annual value of the house property.
- |                   |               |
|-------------------|---------------|
| Municipal value   | ₹ 1,50,000    |
| Fair Rental value | ₹ 1,80,000    |
| Standard Rent     | ₹ 1,60,000    |
| Actual Rent       | ₹ 20,000 p.m. |
- Municipal Tax paid – 20% of Municipal value
- Unrealised Rent ₹ 30,000. Conditions of Rule 4 are satisfied.
9. Mr. Kishore purchased 500 equity shares of ₹ 10 each in 1989-90 and increased an expenditure of ₹ 400 on brokerage. In May 1994 he received 100 Bonus shares. In September 2012 he got 100 Rights Shares for ₹ 20 each. He sold 100 Bonus shares in November 2012 at ₹ 100 per share and 100 Rights share @ ₹ 30 per share in December 2012.

Compute the capital gain for the Assessment Year 2013-14.

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## SECTION – C

Answer **any three** questions. **Each** question carries **fifteen** marks : **(3×15=45)**

10. Mr. X is the owner of two houses which he uses for his residential purposes. Compute his taxable income from house property for the Assessment Year 2013-14 from the following information :

First House – FRV ₹ 1,20,000 p.a.

Second House – FRV ₹ 1,50,000/- p.a.

Municipal Tax paid – 10% of FRV

Interest paid for the previous year on the loan taken on 10-04-2011 for purchase of the first house ₹ 1,60,000. He borrowed ₹ 40,000 at 15% on 1<sup>st</sup> April 2011 for the construction of the second house which was completed in December 2011. He paid interest of ₹ 6,000 during the previous year.

11. Compute the Income from salary of Mr. Gowda for the Assessment Year 2013-14 :

Basic pay – ₹ 5,000 p.m.

D. A. – ₹ 3,500 p.m.

Entertainment Allowance – ₹ 1,000 p.m.

Employee's contribution to recognised provident fund ₹ 7,400

Employer contributes on equal amount.

Interest credited to his RPF Account ₹ 10,000 at the rate of 10% p.a.

City Compensatory Allowance – ₹ 500 p.m.

Medical Allowance – ₹ 1,200 p.m.

He has been provided with a large car both for official and personal use. Employer bears all expenses of the car.

he is provided an unfurnished house by the employer in a city where the population is twenty lakhs.



12. Mr. Vivek submits the following particulars of income for the year ended 31-3-2013 :

- a) Family pension received ₹ 2,500 p.m.
- b) Winnings from Horse Race (Net) – ₹ 35,000
- c) Interest on FD in a Bank – ₹ 10,000
- d) Rent from sub-letting a House – ₹ 3,000 p.m.  
Rent paid to the owner – ₹ 1,000 p.m.
- e) Rent received from House property – ₹ 5,000 p.m.
- f) Income from salaries (computed) – ₹ 60,000 p.a.
- g) Dividend received from Reliance Industries Ltd. – ₹ 10,000
- h) Agricultural Income – ₹ 1,000 p.m.

Compute the Gross Total Income of Mr. Vivek for the assessment year 2013-14.

13. Dr. Satish is a Medical Practitioner. He gives you the following summary of Cash Book for the year ending 31-3-2013.

To Balance b/d	10,000	By Rent of clinic	18,000
" Consultation fees	60,000	" Purchase of medicines	38,000
" Visiting fees	45,000	" Salaries paid	24,000
" Gifts and presents	8,000	" Surgical equipments	40,000
" Sale of medicines	42,000	" Motor car expenses	8,000
" Dividend	6,000	" Motor car purchased	1,40,000
" Life insurance policy maturity	1,00,000	" Household expenses	7,000
" Interest from Bonds	6,000	" Closing Balance	2,000
	<b>2,77,000</b>		<b>2,77,000</b>



**Additional information :**

- i) 50% of the Motor car expenses incurred in connection with profession.
- ii) Gifts and presents include ₹ 3,000 from relatives.
- iii) Closing stock of medicine ₹ 12,000 and on 1-4-2012, opening stock was ₹ 4,000.

Compute the taxable income from profession of Dr. Satish for the A. Y. 2013-14.

14. Mr. Narayan prepared the following Profit and Loss Account of his cloth shop for the year ended 31-3-2013. Compute his income from business for the Assessment year 2013-14.

	₹		₹
To Salaries	33,000	By Gross Profit b/d	3,30,725
" Rent	1,600	" Gifts received from relatives	275
" Household expenses	82,000	By Refund of sales tax paid	
" Income Tax	900	(including Rs. 100 as interest)	4,000
" Advertisement	800		
" Postage expenses	600		
" Gift to relatives	900		
" Fire Insurance Premium			
(On stock)	400		
" Life Insurance Premium	2,100		
" RBDD	800		



" Audit Fees	400	
" Interest on loan	2,000	
" Net profit	2,09,500	
	<b>3,35,000</b>	<b>3,35,000</b>

**Additional information :**

- a) Mr. Narayan contributed Rs. 50,000 to an approved institution for scientific research not recorded in books.
  - b) During the previous year 2012-13 he borrowed Rs. 40,000 from a bank for business purpose but spent Rs. 10,000 on a family function.
  - c) Depreciation on business assets amounts to Rs. 6,600.
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