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V Semester B.B.M. Examination, November/December 2014
(Semester Scheme) (Repeaters)

(Prior to 2014-15)

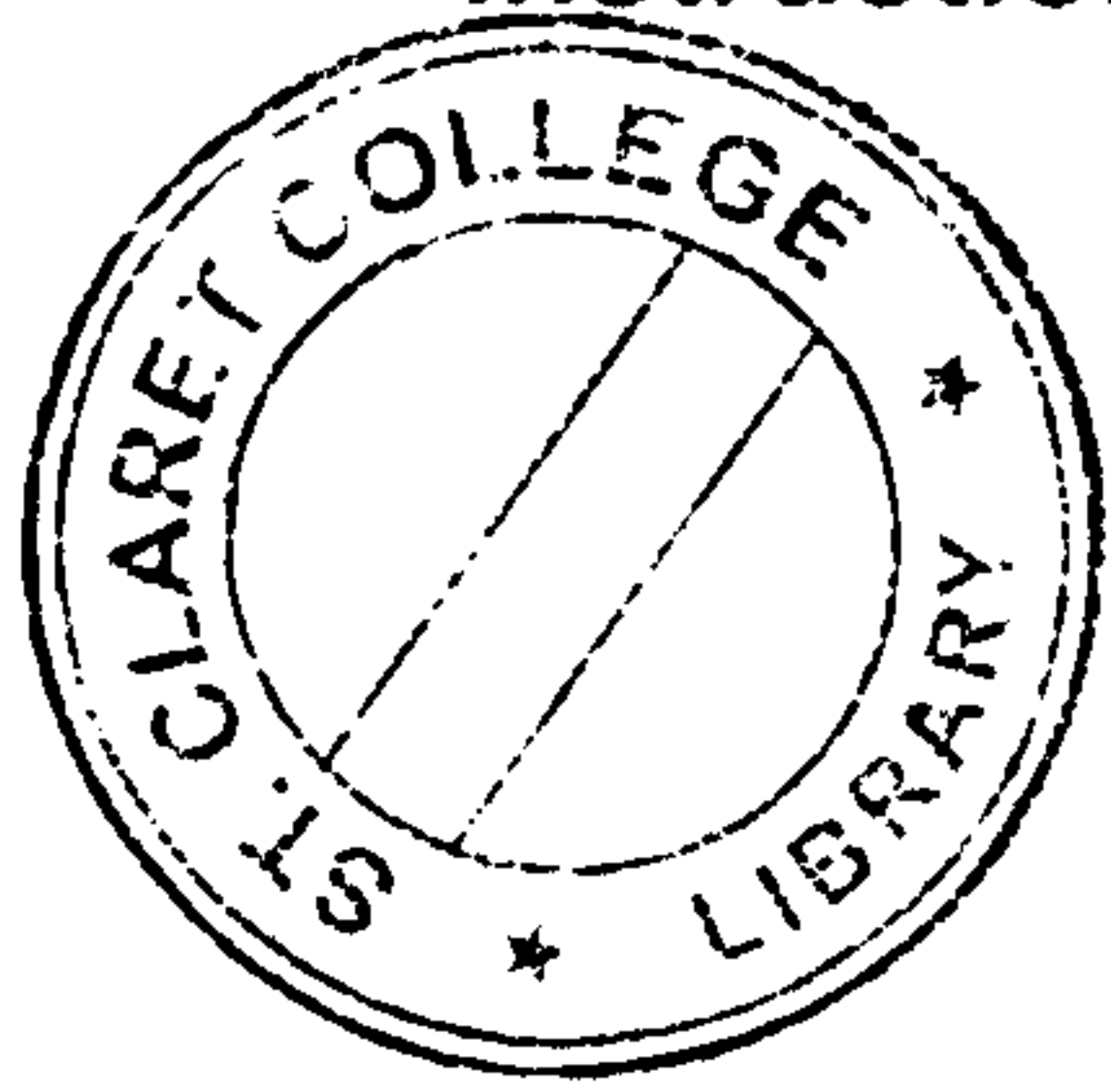
BUSINESS MANAGEMENT

5.1 : Income Tax

100 marks – 2013-14 Only 90 marks – prior to 2013-14

Time : 3 Hours

Max. Marks : 100/90



- Instructions :**
- 1) Answers should be written only in **English**.
 - 2) Sections **A, B and C** to be answered by **all repeaters** (Prior to **2013 – 14**)
(**90 marks**)
 - 3) Section **D** to be answered by students of **2013-14** batch and onwards only (**100 marks**)

SECTION – A

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

1. a) Define the term previous year.
- b) Who is Non-resident individual ?
- c) Distinguish between capital and revenue expenditure.
- d) What are the different heads of income under the Income Tax Act ?
- e) How do you treat Children Hostel Allowance received by an employee ?
- f) What are the provisions of Sec. 80D ?
- g) Define the term 'person'.
- h) Give the meaning of Long Term Capital Gain.
- i) Expand CBDT.
- j) What is meant by Tax free commercial securities ?
- k) Define the term Business.
- l) What is Dearness Allowance ?

P.T.O.



SECTION – B

Answer **any five** questions. **Each** question carries **5** marks.

(5×5=25)

2. Briefly explain the deductions u/s 80C.
3. State whether the following incomes are agricultural income or not.
 - a) Income from agricultural land situated in urban area
 - b) Sale of plants from nursery
 - c) Income from dairy farming
 - d) Interest on loan given to a farmer
 - e) Lease rent received from lands given to tenants for agricultural operations.
4. Following are the taxable income of Mr. Sharath Kumar for the previous year 2013-14.
 - a) Profit of a hotel business in Sydney Rs. 2,00,000
 - b) Dividend declared in Paris but received in India Rs. 1,10,000
 - c) Dividend from a domestic company Rs. 25,000
 - d) Income accrued in Bangalore but received in Singapore Rs. 60,000
 - e) Past untaxed income brought to India Rs. 50,000

Compute Total Taxable Income for the A.Y. 2014-15 if he is

- i) Resident
 - ii) Not ordinarily Resident
 - iii) Non-Resident.
5. Mr. Vijay Kumar (resident) is employed at a salary of Rs. 6,200 per month and D.A. Rs. 2,800 per month. He retired from his service on 30-5-13 after completing 29 years of service. He received Rs. 2,00,000 as gratuity under the payment of Gratuity Act. Compute his taxable gratuity for the A.Y. 2014-15.
6. Mrs. Shruthi resides in Kolkota during the P.Y. 2013-14. She gets Rs. 12,000 p.a. as basic salary. She gets D.A. at 20% of basic salary (enters for all retirement benefits) she has also received of Rs. 15,000. HRA received by her is Rs. 11,800 p.a. but rent paid is 14,800 p.a. Calculate the taxable HRA for the A.Y. 2014-15.



7. Calculate Gross Annual value of Mrs. Prema from the following particulars given below :

Annual Rent Rs. 8,500 p.m.

Municipal Rent Rs. 65,000

Fair Rent Rs. 69,000

Standard Rent Rs. 55,000

The assessee could not realise rent for one month and the house also remained vacant for three months during the previous year 2013-14.

8. From the following particulars furnished by Ms. Vijaya (resident). Compute her Income from capital gains for the A.Y. 2014-15

Date of purchase of property 1-12-80

Cost of acquisition Rs. 2,50,000

Cost of additions in 1980 Rs. 25,000

Fair market value as on 1-4-1981 Rs. 3,50,000

Cost of additions in 1994-95 Rs. 77,700

Selling price in 2013-14 Rs. 44,00,000

CII : 1981-82=100, 1994-95=259, 2013-14 = 939

SECTION – C

Answer **any three** questions. **Each** question carries **15** marks.

(3x15=45)

9. Mr. Ravi (resident) owns a building consisting of 3 houses. The particulars are as follows.

Particulars	House A	House B	House C
Annual Fair Rent	40,000	35,000	50,000
Municipal valuation	50,000	40,000	50,000



Purpose of use	LOP for Residence	LOP for Business	SOP
Standard Rent	45,000	42,000	55,000
Let out (per month)	3,000	2,000	–
Repairs	2,000	1,000	–
Collection charges	3,000	1,000	–
Interest on loan	15,000	5,000	2,000

Municipal tax is 10% on Municipal Value. Municipal tax for House A was paid by tenant, House B was not yet paid till 31-3-13 and House C was paid by the owner. House A remained vacant for 4 months. Compute taxable Income from House property for the A.Y. 2014-15.

10. Mr. Narayan submit the following particulars of income from other sources for the year ended 31-3-14
- Family pension from Govt. of Karnataka Rs. 42,000.
 - Royalty from books written Rs. 20,000 (expenses incurred Rs. 2,500)
 - Remuneration from articles published in magazines Rs. 2,000
 - Cash worth Rs. 1,00,000 was found in his private locker. The sources of which could not be explained by him
 - Interest on fixed deposits in a Bank Rs. 15,000 (Gross)
 - Rent from subletting a house Rs. 1,500 p.m. (rent paid to the owner Rs. 1,000 p.m. and repair expenses Rs. 200).
 - Winning from lottery net Rs. 70,000 (purchase of lottery ticket Rs. 50)
 - Winning from horse race Rs. 35,000 (Net)
- Compute his taxable income from other sources for the A.Y. 2014-15.



11. Mrs. Shruthi who is an officer in XYZ Ltd. gives you the following particulars :

- a) Basic Salary Rs. 16,000 p.m.
- b) D.A. Rs. 1,000 p.m. (50% enters into retirement benefits)
- c) HRA Rs. 5,000 p.m. (Rent paid Rs. 7,000 at Bangalore)
- d) Conveyance allowance Rs. 800 p.m. (Rs. 600 used for official purpose)
- e) CCA Rs. 150 p.m.
- f) Motar car of above 1600 CC with driver provided used partly for official and partly personal.
- g) Children education allowance Rs. 200 per month each for her 3 children.
- h) Services of Sweeper (Salary Rs. 200 p.m.)
- i) Payment of her LIC premium Rs. 8,000 by the company.
- j) She contributes 14% of her Salary to RPF and the company makes a matching contribution to RPF, Interest credited to RPF Rs. 6,875 at 12.5% p.a .

Compute her income from Salary for A.Y. 2014-15

12. From the Profit and Loss A/c of Mrs. Megha for the year ended 31-3-14 compute income from business for the A.Y. 2014-15

Particulars	Rs.	Particulars	Rs.
Office expenses	40,000	Gross Profit b/d	6,40,000
General expenses	16,000	Interest on Govt. securities	11,200
Interest on Bank	4,000	Discount received	16,000
Audit fees	4,000	Bad debt recovered	
Interest on Capital	12,000	(not written off earlier)	800
Rent	20,000	Sundry Receipts	16,000
Income Tax	16,000	Dividend	16,000



Charity	8,000	
Legal expenses	4,000	
Compensation to retrenched employee	20,000	
Extension of Building	36,000	
Sales tax	8,000	
Net profit	5,12,000	
	7,00,000	7,00,000

Additional Information :

- General charges included Rs. 8,000 towards purchases of computer.
- Legal expenses include Rs. 1,600 penalty by customs authority.
- Rent includes Rs. 8,000 paid as rent of the house in which the assessee.
- Depreciation allowed Rs. 12,000 as per Income Tax Rules (excluding depreciation on computer purchased)

13. The following is the Receipts and Payments A/c of a Medical practitioner Mr. Sharath Kumar for the year ended 31-3-14.

Receipts	Rs.	Payments	Rs.
To balance b/d	1,10,000	By clinic Rent	15,000
" Visiting fees	65,000	" Staff Salaries	80,000
" Consultation fees	65,000	" Rent and taxes	5,000
" Sale of medicines	25,000	" Electricity and water	
" Operation theatre rent	15,000	charges	4,000
" Interest	20,000	" Purchase of Medical	
		Books (Annual Publication)	4,000



" Surgical equipment	30,000
" Motar car expenses	15,000
" Medical Association fees	5,000
" Audit fees	20,000
" Staff Welfare expenses	2,000
" Entertainment expenses	13,000
" Medicines purchased	30,000
Balance c/d	77,000
3,00,000	3,00,000

Additional Information :

- a) A cash payment of Rs. 5,000 was given to him by a patient.
 - b) 1/3 of motor car expenses relate to personal use.
 - c) The rate of depreciation on surgical equipment 15%
 - d) Interest received is on Bank deposits.
 - e) Audit fee includes income tax appeal expenses of Rs. 15,000
- Compute Mr. Sharath Kumar's income from profession for the A.Y. 2014-15.

SECTION – D

To be answered by students of **2013-14** batch only.

(1×10=10)

14. Name any ten taxable allowances.
