



UN – 452

52

V Semester B.B.M. Examination, November/December 2015
(Semester Scheme)

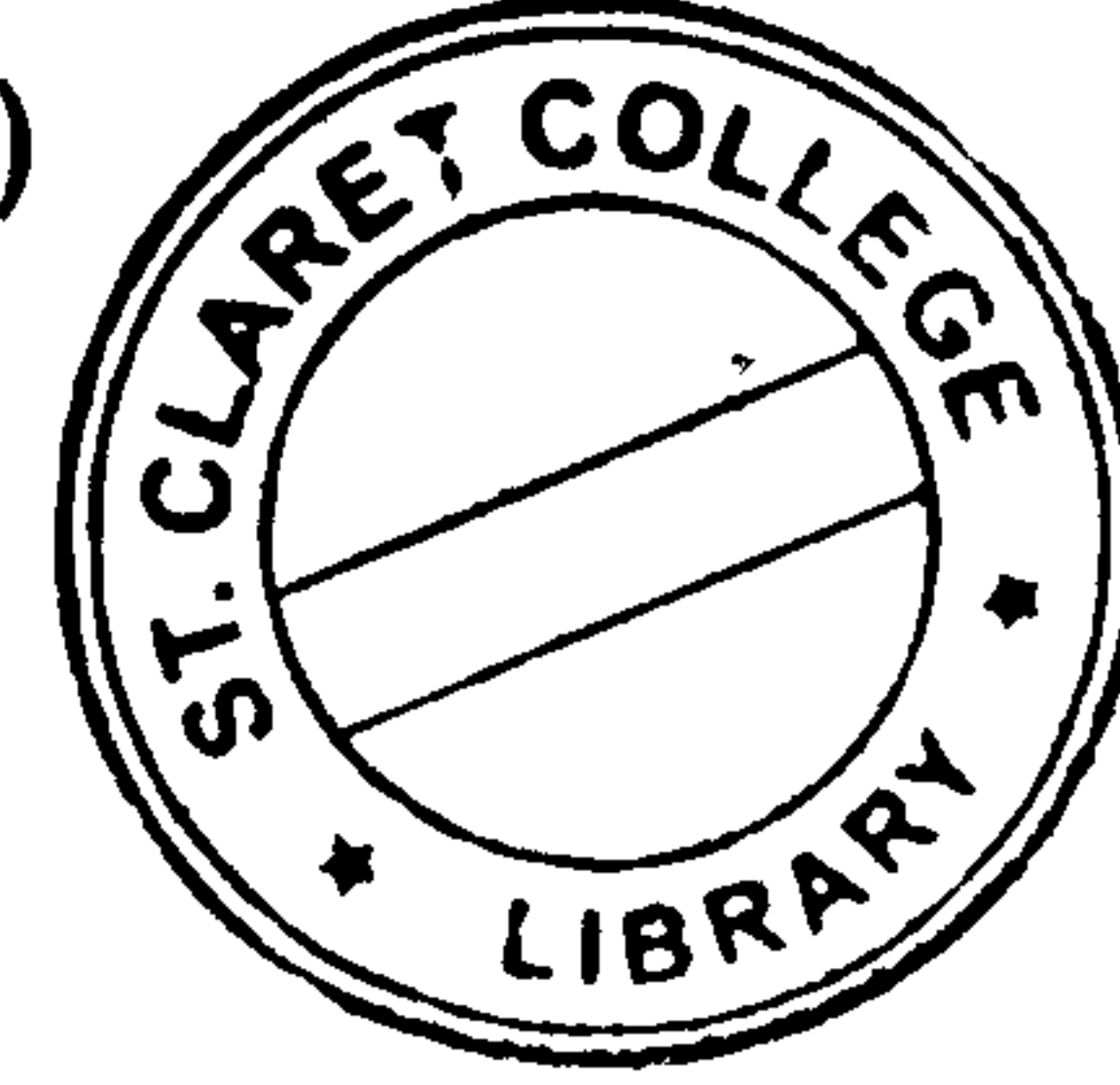
(Repeaters) (Prior to 2014 – 2015)

BUSINESS MANAGEMENT

5.1 : Income Tax

100 – 2013 – 2014 Only

90 – Prior to 2013 – 2014



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 only.

SECTION – A

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

1. a) Give the meaning of Income Tax.
- b) Define Assessee.
- c) Expand PAN.
- d) State any four fully exempted incomes.
- e) Write the two basic conditions of residential status.
- f) What do you mean by transfer balance ?
- g) What is pre-construction period ?
- h) What is meant by block of assets ?
- i) Mention the assets which are not considered as capital asset.
- j) Write any four deductions available to an individual assessee.
- k) What do you mean by inter head set off ?
- l) State any four tax free perquisites.

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SECTION – B

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

(5×5=25)

2. Explain the provisions under Section 80 G.
3. Mr. Gopinath is employed in Bangalore. His particulars of income for the previous year 2014-15 are : Basic pay ₹ 8,000 p.m., DA ₹ 2,000 p.m. (40% forming part of salary), Bonus ₹ 8,000 p.m., Commission ₹ 4,500 p.a. Entertainment Allowance ₹ 500 p.m., Fair rental value of rent free house provided by the employer is ₹ 40,000 p.a. value of furniture provided ₹ 20,000. Compute the value of rent free accommodation of Mr. Gopinath for the Assessment Year 2015 – 16.
4. State whether the following incomes are agricultural or non agricultural incomes.
 - a) Income from growing flowers and creepers
 - b) Dividend received from a company engaged in agricultural operations.
 - c) Interest on loan given to a farmer.
 - d) Income from agricultural activities in Sri Lanka.
 - e) Income from conversion of sugarcane in to Jaggary.
5. Sri. Ganesh has the following income for the financial year 2014 -15.
 - a) Income from house property situated in U.K. ₹ 10,000
 - b) Income from salary received in India for services rendered in USA ₹ 58,000
 - c) Profits from business in Pakistan controlled from India ₹ 1,10,000
 - d) Agriculture income in India ₹ 12,000
 - e) Profit from business in Delhi ₹ 1,20,000

Compute the Gross Total Income of Sri. Ganesh for the Assessment Year 2015-16 if he is

- 1) Resident
- 2) Not ordinarily resident
- 3) Non-resident.



6. Calculate the allowable interest on loan taken on the house property from the following information :

Date of borrowing loan 1-6-2007

Date of repayment of loan 10-5-2015

Date of completion of construction May 2012

Amount of loan borrowed ₹ 30,000

Interest on loan 20% p.a.

7. Mr. Harish purchased a house on 1-11-1983 for ₹ 4,00,000 and spends ₹ 1,00,000 for improvement in 1990-91. It was transferred to his son Mr. Girish as a gift on 1993-94. Mr. Girish sold the house on 20-11-2014 for ₹ 25,00,000. Compute the taxable capital gain for Mr. Girish for the Assessment Year 2015-16. (CII for 1983-84 = 116; 1990-91 = 182; 1993-94 = 244; 2014-15 = 1024).

8. Mr. Upendra was a manager in a Private Company, retired from service on 1-11-2014 after completing 25 years of service. His salary for 10 months proceeding retirement was ₹ 36,900. He had 7 months leave to his credit on the basis of 30 days per year and he was paid ₹ 27,300 as leave salary. Compute the taxable amount of leave salary for the Assessment Year 2015-16.

SECTION – C

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

(3×15=45)

9. The following particulars are related to the income of Sri. Hari for the previous year 2014-15.

Sri Hari is employed in a software company at Bangalore on a monthly salary of ₹ 30,000. He is also entitled to a commission at 0.5% of sales effected by him. The sale effected by him during previous year amounted to ₹ 80,00,000.

He received the following allowances and perquisites during the previous year.

- Dearness Allowance ₹ 6,000 p.m. (Enters in to service benefit)
- Bonus equal to two months basic salary.
- Entertainment allowance at ₹ 2,000 p.m.



9/12/2014 405

- d) House rent allowance at ₹ 5,000 p.m., rent paid by him ₹ 6,000 p.m.
- e) The employer paid ₹ 10,000 towards income tax liability of Sri. Hari.
- f) The employer provided him LTC of ₹ 20,000.
- g) He has also been provided with gas, electricity and water facility and employer spent ₹ 10,000 on these facilities.
- h) He and his employer both contributed 15% of his salary to his recognised provident fund.
- i) Interest credited to recognised provident fund at 10% p.a. amounted to ₹ 30,000 during previous year.

Compute Sri. Hari's taxable income from salary for the Assessment Year 2015-16.

10. Mr. Satish gives the following information of his income for the previous year 2014-15.

- i) Dividend on equity shares ₹ 600
- ii) Dividend on preference shares ₹ 3,500
- iii) Income from undisclosed sources ₹ 7,000
- iv) Income from letting on hire of building and machinery under lease ₹ 30,000
- v) Interest on bank deposits ₹ 3,200
- vi) Income received from ground rent ₹ 6,000
- vii) Director sitting fees ₹ 4,000
- viii) Winning from lotteries (Net) ₹ 7,000.
- ix) Gifts received
 - a) Received ₹ 80,000 as gift from his friend
 - b) Received ₹ 1,00,000 as gift from his elder brother
 - c) Received ₹ 1,40,000 as gift on his marriage.

Following are the deductions which are claimed by him

- a) Collection charges of dividend ₹ 100
- b) Depreciation on building and machinery ₹ 2,000
- c) Fire insurance on building and machinery ₹ 250

Compute his taxable income from other sources for the Assessment Year 2015-16.



11. From the following particulars of house properties of Sri. Ranganath, compute his income from house property for the Assessment Year 2015-16.

Particulars	I House	II House	III House	IV House
Municipal value	8,000	9,000	20,000	24,000
Actual rent	—	12,000	24,000	30,000
Local taxes paid	1,600	1,800	4,000	4,800
Repair charges	1,000	—	3,000	—
Insurance premium	50	150	200	300
Interest on loan for construction	1,180	—	1,800	4,200
Unrealised rent	—	—	3,000	—
Vacancy period	—	—	3 months	—

The I House is self occupied. The II and III House is letout for residence and the IV House is letout for business. In case of IV House the tenant paid the local taxes.

12. Mr Anirudh lives in Banagalore. He is a lawyer and he gives you the following receipts and payment account for the year ending 31-3-2015.

Receipts	₹	Payments	₹
To Opening balance	2,000	By books purchased	
To Salary as part time lecturer	4,000	(annual publication)	1,000
To Fees received	2,20,000	By Repairs of house	1,200
To Interest on bank deposit	1,500	By Car expenses	1,800
To Exam remuneration		By Local taxes	1,200
from University	2,500	By Office expenses	3,000
To Cash received on		By Personal expenses	11,000
sale of car	20,000	By Purchase of plant	1,000
To Sale of shares	15,000	By Car purchased	20,000
To Dividend received	1,500	By Life insurance premium	6,000
		By Donations	1,100



By Gift to daughter	500
By Income tax paid	3,000
By Income tax appeal expenses	300
By Bank deposit	12,000
By PPF	3,000
By Balance C/F	2,00,400
2,66,500	2,66,500

Additional Information :

- a) $\frac{1}{3}$ part of the building is used for profession and $\frac{2}{3}$ for self residence.
 b) The car is purchased for the use for professional and personal work equally.
 c) Books purchased for teaching ₹ 300 and remaining for profession.

13. From the following Profit and Loss Account of Mr. Kiran, compute his income business for the Assessment Year 2015 – 16.

Particulars	₹	Particulars	₹
To Salaries	6,000	By Gross profit	1,22,000
To Purchases of machinery for research	11,000	By Interest on debentures	2,000
To Life insurance premium	6,000	By Dividend from UTI	2,000
To Bonus to staff	12,000	By Discount received	6,000
To Printing and stationery	4,000	By Horse race gains	32,000
To House hold expenses	15,000	By Refund of IT	7,500
To Miscellaneous expenses	5,000	By Interest from P.O.S.B. account	6,000
To Advertisement paid in cash	22,000		
To car expenses	18,000		
To Property tax	4,000		
To Medical expenses of his wife	3,000		



To Provision for sales tax	10,000	
To Depreciation	10,000	
To Gifts and presents	2,000	
To Net profit	49,500	
	1,77,500	1,77,500

Additional Information :

- 1) $\frac{1}{2}$ of the car expenses are for personal use.
- 2) Depreciation on all assets is ₹ 7,200.
- 3) Research conducted by Mr. Kiran is related to his business.

SECTION – D

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

(1×10=10)

14. What is Provident Fund ? Explain the types of Provident Fund.
