

C.E.S. COLLEGE OF ARTS AND COMMERCE UNCOLIM - SALCETE-GOIA
S.Y. B. COM. IV SEMESTER END EXAMINATION, APRIL, 2019

Income Tax

DURATION: 02 HOURS

DATE: 26/05/2019

TIME: 10.00am To 12.00

MARKS: 80

INSTRUCTIONS: 1) Q. No. 1 is **COMPULSORY**.

2) Attempt any **THREE** questions from Q. No. 02 to Q. No. 6.

3) All questions carry equal marks i.e. **20 marks**.

4) **Working notes** forms the part of answers.

5) Numbers to the right indicate the marks for the respective Question.

Q.No.1. Answer the following Questions

Marks (4*5=20)

- a) Mr. Ramnath who was abroad returned to India on 1st July, 2017 and again left India on 10th January, 2018. What is his residential status for the Assessment Year 2018-19?
- b) Mr. Suhas is non-government employee and also covered by the Payment of Gratuity Act 1972. He retires on 30th June, 2017 and received Rs. 12, 00,000 as gratuity after a service of 38 years and eight months. His average monthly salary during the last 10 months immediately preceding the month in which he retires works out Rs 50, 000 per month. Determine the amount of gratuity taxable and exempt for the assessment year 2018-19.
- c) Miss Krutika is employed in Sankashti Ltd. at Varanasi, from 1st May 2017. She gets basic salary of Rs. 24,000 per month, Dearness Allowance @ 70 percent of basic salary (half of the D.A. is included for computing all retirement benefits) and House Rent Allowance of Rs. 12000 per month. The assessee however, pays a rent of Rs. 8,000 per month. Calculate the amount of House Rent Allowance exempt for the assessment year 2018-19.
- d) Mrs. Komal, a resident of India, who is 62 years of age, provides the following particulars of her income for the previous year 2017-18:
- | | |
|---|---------------|
| Taxable income for the year (after deductions under chapter- IVA) | Rs. 9, 00,000 |
| Advance tax paid during the year including TDS | Rs. 64,260 |
- Compute the amount of tax payable by her for assessment year 2018-19.

Q.No.2. Mr. Sawarkar, an employee of central Govt. provides the following information about his income received during the previous year 2017-18:

- a) Basic salary Rs. 38,400 per month.
- b) Dearness Allowance 40% up to August, 2017 and then after 45%.
- c) Transport Allowance Rs. 1,600 per month (spent Rs. 1,500 p.m.)
- d) Conveyance Allowance Rs. 12,000 (spent Rs. 11,000)
- e) House Rent Allowance Rs. 24,500. She was staying in her own house. In October 2017, she spent Rs. 9,500 for repairs of the house.
- f) Arrears of salary received for VII pay Rs. 1, 20,000.
- g) In March 2018, she took Rs. 13,000 advance against salary.

- h) Employer's contribution to recognized provident fund Rs. 78,590.
i) Interest credited to above provident fund @ 13% Rs. 39,000.
j) Children Education Allowance @ Rs 75 per child per month for 3 children
k) She received entertainment allowance Rs. 4,600 (spent Rs. 5000).
l) Contribution to pension fund Rs. 18,000
m) He incurred the expenditure of Rs. 18,000 on her dependant mother who is physically handicapped.
n) He received Rs. 10,000 as an interest on saving bank a/c.
Compute her total taxable income and tax payable for assessment year 2018-19. (Marks 20)

Q. No. 3 Following is the profit and loss account of M/s Sonali Traders owned by Mrs. Sonal for the year ended 31st March, 2018.

Profit and Loss a/c
For the year ended 31st March, 2018.

Particulars	Amount in Rs.	Particulars	Amount in Rs.
To Salaries	31,400	By Gross Profit	1,38,000
To Advance Tax	1,100	By Dividend from Indian Company	2,500
To Provision for bad debts	3,600	By Dividend from Foreign Company	1,500
To Insurances:		By bad debts recovered	3,000
Of Shop 4,000		By Winning From Lotteries	5,000
Of Own life 1,200	5,250		
To Rent	2,400		
To free distribution of samples	1,750		
To Income Tax	1,850		
To Stationary	950		
To Depreciation	12,200		
To Bonus to Staff	1,000		
To Net Profit	88,500		
TOTAL	1,50,000	TOTAL	1,50,000

Salary includes Rs 1,900 paid as salary to staff for conducting market research. Bad Debts recovered were not allowed as deduction in the earlier year during which it was written off.

Mrs. Sonal paid insurance premium on life of his son, on her own life amounting to Rs 55,000 and Rs 75,000 respectively. She also paid medical insurance premium for self amounting Rs. 50,000.

Compute her income from business and tax payable after considering her income from house property amounting Rs. 60,000. (Marks 20)

Q. No. 4 Answer any four Questions from the following:

Marks (4*5=20)

- a) Define and explain the following as per the Income Tax Act 1961:
 - a) Assessee
 - b) Assessment Year
- b) Explain the basic condition U/S 6(1) for determination of residential status of an individual.
- c) Explain the concept of Perquisite.
- d) Define and explain term 'Business' as per Income Tax Act, 1961.
- e) Explain any 5 items that are qualify for deduction U/S 80C.

Q. No. 5 Answer any four Questions from the following:

Marks (4*5=20)

- a) Explain deduction U/S 80D.
- b) Explain income exempted from Tax U/S 10 (any two).
- c) What are the Income Tax Rates for the senior and very senior Citizens for the assessment year 2018-19?
- d) Write a short note on Income U/S 2(24).
- e) Discuss the provision of Income tax Act, 1961 regarding Residential Status of an Individual.

Q. No. 6 Answer any four Questions from the following:

Marks (4*5=20)

- a) Define and explain the following as per Income Tax Act, 1961.
 - i. Company
 - ii. Business
- b) Explain the exemption for Leave travel concession to the citizen of India.
- c) Discuss the concept of profit in lieu of salary.
- d) Difference between Vacation and Profession.
- e) Define exemption of Gratuity u/s 10(10).
