



**II Semester B.Com. Degree Examination,
September/October 2020**

COMMERCE

**Income Tax – I (TPP)
(CBCS)**

Time : 3 Hours

Max. Marks : 70

Instructions : Students are required to answer questions as per internal choices.

SECTION – A

Answer **any five** of the following :

(5 × 2 = 10)

1. What is Income?
2. Who is a Residential Individual?
3. Give two examples of Non-Agricultural Income.
4. What do you mean by Tax free incomes?
5. What do you mean by self occupied property?
6. What do you mean by perquisites?
7. What is business?

SECTION – B

Answer **any three** of the following :

(3 × 5 = 15)

8. Mr. Ramesh is a citizen of India. He left for Germany on 1-4-2018 and returned to India on 1-1-2019. Determine his residential status for the A.Y. 2019-20.
9. Mr. Anand employed in a company received Rs. 5,40,000 gratuity covered under the payment of Gratuity Act 1972. He retired on 30-11-2018 after serving for 35 years and 4 months, at the time of retirement his monthly salary consisted of Rs. 13,260 Find out his exempted and Taxable Gratuity.

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10. Compute taxable HRA from the following information for the A.Y. 2019-20
Basic Salary – Rs. 30,000 D.A. – Rs. 20,000 (enters into R.B) commission on
turnover – Rs. 25,000 Rent paid – Rs. 3,000 p.m. HRA received –
Rs. 2,500 pm. House occupied by the assessee in Delhi.
11. From the following details of house property compute the Gross Annual
Value :

	House I	House II
Fair rent	84,000	1,20,000
Municipal value	80,000	1,20,000
Standard value	82,000	1,00,000
Actual Rent	80,000	1,08,000

12. What is Annual value of letout property? How is it determined?

SECTION – C

Answer **any three** of the following :

(3 × 15 = 45)

13. Mr. x furnishes the following particulars of his income for the P.Y. 2018-19.
- (a) Profit from business in Raichur, the business being controlled from America Rs. 1,50,000.
 - (b) Salary received in India for the services rendered in France Rs. 80,000.
 - (c) Profits from business in Sri Lanka, the business being controlled from Germany Rs. 2,50,000 of which Rs. 1,00,000 received in India.
 - (d) Income from investments in England Rs. 25,000.
 - (e) Income from house property in Bangalore Rs. 75,000 (Rs. 50,000 received in Canada).
 - (f) Interest received from a non-resident against the loan given to him to run a business in Hubli Rs. 25,000.



- (g) Salary received in Germany for the services rendered in Indian embassy of Germany Rs. 1,00,000.
- (h) Dividend from JSW Ltd Rs. 10,000.
- (i) Past untaxed income earned in Singapur brought to India during the previous year Rs. 5,00,000.
- (j) Agriculture income from Land situated in Bangladesh Rs. 50,000 deposited in a bank there.
- (k) Profit on sale of building in South Africa Rs. 1,50,000 of which 50% received in India.

Compute the total income of Mr. x if he is (i) Resident (ii) Not ordinary resident (iii) Non-resident.

14. From the following details of income furnished by Mr. Narayan Rao for the P.Y ending 31-3-2019. Compute Income from salary for the A.Y. 2019-20.

- (a) Basic salary – Rs. 2,40,000
- (b) D.A. – Rs. 60,000 (25% includes in R.B)
- (c) Bonus – Rs. 20,000
- (d) Education allowance Rs. 8,400 (For two children)
- (e) Entertainment allowance Rs. 12,000
- (f) Employer's contribution to Recognised provident fund Rs. 40,400
- (g) Interest credited to the above fund 12% Rs. 12,000
- (h) He is provided with rent free accommodation owned by the employer in city having a population of 12 Lakh.
- (i) Employer has also provided.
 - (i) Sweeper salary paid to him 300 p.m.
 - (ii) Domestic servant, salary paid to him Rs. 250 p.m.



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15. From the following particulars furnished by Mr. Natraj, compute his income from house property for the A.Y. 2019-20.

S.L.	Particulars	House I	House II	House III
1.	Municipal value	50,000	40,000	30,000
2.	Actual Rent	48,000	60,000	-
3.	Un-realised rent	4,000	-	-
4.	Rent for the vacant period	8,000	-	-
5.	Municipal tax paid	5,000	4,000	3,000
6.	Interest on loan taken for construction	6,000	5,000	5,000
7.	Repairs	12,000	6,000	5,000
8.	Insurance	1,000	500	400

Municipal taxes in respect of House 2 were paid by tenant.

16. From the following particulars of Trading and Profit and Loss Account of Mr. Praveen, compute his income from business for the A.Y. 2019-20.

Trading, Profit and Loss Account

Dr.		Cr.	
Particulars	Amount	Particulars	Amount
To Opening stock	20,000	By Sales	1,44,000
To Purchases	1,09,000	By Closing stock	52,000
To Salaries	6,000	By Interest on debentures	2,000
To Rent	11,000	By Dividend from Domestic company	2,000
To Bonus	3,000	By Discount	12,000
To Printing	4,000	By Winning from Races	12,000
To Misc. Expenses	4,000	By LIC amount received on maturity	15,000
To Advertisement	22,000	By Shares of profit from a firm	30,000
To Drawings	12,000		
To LIC premium	5,000		
To Car expenses	18,000		
To Property tax	4,000		

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Particulars	Amount	Particulars	Amount
To Medical Expenses (personal)	3,000		
To Cost of NSC	3,000		
To Net profit (B/F)	45,000		
	<u>2,69,000</u>		<u>2,69,000</u>

Additional information :

- (a) Advertisement included cost of 20 gift packets of Rs. 1,100 each presented to customers on the occasion of deepawali.
- (b) Property tax of Rs. 4,000 paid was in respect of his self occupied house.
- (c) $\frac{1}{2}$ of car expenses pertains to private use.

17. Miss Saraswati is registered medical practitioner in Hassan. Her receipts and payments account for the year ending 31-3-2019 was as follows :

Receipts	Rs.	Payments	Rs.
To Bal b/d	8,500	By Household expenses	45,000
To Consultation fee	2,75,000	By Purchase of Surgical equipment	50,000
To Visiting fees	25,000	By Purchase of Car	1,00,000
To Gains on horse race	20,000	By Salary to staff	80,000
To Share in ancestral property	40,000	By Rent of dispensary	24,000
To Dividend from Indian company	8,000	By Income tax	6,000
To Gifts from patients	20,000	By Gift to daughter	8,000
To Interest on securities (Gross)	10,000	By Car expenses	12,000
To Interest on post office S.B. A/c	2,500	By Cost of medicines	60,000
To Bank Loan	50,000	By Laboratory expenses	2,000
	<u>4,59,000</u>	By Bal c/d	72,000
			<u>4,59,000</u>

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Additional information :

- (a) Half of car expenses are in relation to personal use.
- (b) Allowable depreciation amounted to Rs. 16,000.

Compute her income from profession for the A.Y. 2019-20.
