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**T.Y.B.Com Semester VI (Repeat) / One Time Opportunity  
EXAMINATION OCTOBER 2019  
Cost & Management Accounting Major 1 : Income Tax**

[Duration : Two Hours]

[Max. Marks: 80]

**Instructions:**

- 1) Q.no. 1 is compulsory.
- 2) Answer any three questions from Question no. 2 to Question no.6.
- 3) Figures to the right indicate maximum marks.

Q.1 Answer any four from the following:

(4x5=20)

- a) Ajit has a stationary shop which he started on 20<sup>th</sup> February, 2015. On 20<sup>th</sup> January 2018, he started another restaurant business. Determine the relevant previous year for the two types of business i.e. stationary shop restaurant business respectively, for the assessment year 2018- 19.
- b) Miss. Sanika, who is a resident of Delhi, receives house rent allowance from her employer Rs. 15,000/- per month. She pays rent of 20,000/- per month and she receives a monthly salary of Rs. 70,000/- Calculate exemption u/s 10 (13A).
- c) Mr. Kunal retires on 15<sup>th</sup> January 2018 after serving Sunshine Pvt. Ltd for 22 year and 8 months. He is not covered by the payment of Gratuity Act, 1972. His average monthly salary for last 10 months prior to the month of retirement was Rs.52,000/- on his retirement, he received Rs. 6,50,000/- as gratuity. Compute the amount of gratuity exempt u/s 10 (10).
- d) Explain apportionment of Income between Spouses governed by the Portuguese Civil code.
- e) From the following figures you are requires to calculate the depreciation admissible to an individual carrying on business, for the Assessment Year 2018- 19.

Particulars	Plant and machinery Rs.	Furniture Rs.
WDV at the beginning for the year	25,00,000	1,00,000
Additional during the year (1-1-2018)	4,00,000	Nil
Sales during the year	5,00,000	40,000
Rate of depreciation	15%	10%

- Q.2 A) Given below are the particulars of the income from salaries of Sushmita who is working in income tax Department, for the year ended 31<sup>st</sup> march 2018. **10**
- Basic salary Rs. 1, 10,000/- per month.
  - Dearness allowance @ 10% of basic salary
  - Entertainment allowance received Rs. 2,000/- p.m.
  - Children hostel expenditure allowance 275/- for 3 children
  - Children education allowance @ 125/- for 3 children.
  - Received arrears of salary Rs. 25,000/-
- Compute Income salaries of Sushmita for the assessment year 2018- 19.

- B) The receipts and payments accounts of Mr. Srinivas a chartered Accountant is given below for the year ending 31<sup>st</sup> March, 2018. **10**

Receipts	Amount (Rs.)	Payments	Amount (Rs.)
To Balance b/d		By Salaries	1,50,000
Cash in hand	15,000	By office Rent	1,20,000
Cash at Bank	1,15,000	By Membership Fees	10,000
To Consultation Fees	12,50,000	By subscriptions to Journals	6,000
To gift from client	25,000	By Stationary	22,000
The Amount received from LIC policy	1,50,000	By Donation to relief fund	50,000
		By LIC Premium paid	1,50,000
		By Furniture & Fittings	5,50,000
		By Drawings	3,00,000
		By Balance c/d	
		Cash in hand	30,000
		Cash at Bank	1,67,000
	<b>15,55,000</b>		<b>15,55,000</b>

During the year rent paid Rs. 24,000 was considered as unreasonable.

- Q.3 Mr. Vignesh from Vasco was employed with SMS Ltd. As Sales executive where he worked till 30<sup>th</sup> November 2017. He received the following payments till 30<sup>th</sup> November 2017. **20**
- Net salary Rs. 45,000/- per month.
  - Professional tax deducted from salary Rs. 200/-per month.
  - Transport allowance Rs. 2,000/- per month/-
  - Arrears of salary received Rs. 75,000/-
- From 1<sup>st</sup> December, 2017 he started his own business. Following is the Profit and Loss Accounts of his business for the 4 months ending on 31<sup>st</sup> March 2018.

Particulars	Amount (Rs.)	Particulars	Amount (Rs.)
To salaries & Wages	1,50,000	By gross Profit	7,50,000
To Office expenses	50,000	By dividend received from Bata Ltd.	50,000
To Life insurance premium: Life (self) 50,000 Staff 25,000	75,000	By Share of partnership firm	10,000
To Income tax paid	10,000		
To Provision for bad debts	15,000		
To Donations	25,000		
To contribution to Public Provident Fund (self-account)	1,25,000		
To Depreciation	50,000		
To Net Profit	3,10,000		
	<u>8,35,000</u>		<u>8,35,000</u>

- Q.4 Write short notes on the following: (4x5)
- Scope of total income
  - Exemption available for agriculture income U/s 10(1).
  - “Assessment” as per Income Tax Act
  - Taxable perquisites
- Q.5 Answer the following questions: (4x5)
- Explain basis of computation of income from House property u/s 22.
  - Briefly explain amount not deductible u/s 58 while calculating income from other sources.
  - Explain exemption under section 10 in respect of Dividend and Interest on Units.
  - Explain deduction available u/s 80U.
- Q.6 Answer the following questions: (4x5)
- Write deduction available under section 24 for self-occupied house property.
  - Explain deductions that are available while computing income from other source.
  - Define term person as defined u/s 2 (31).
  - Explain deduction available u/s 80E.