



B.Com. (Semester – VI) (Repeat) Examination, October 2016
(New Course)
COST AND MANAGEMENT ACCOUNTING (Major – I)
Income Tax

Duration : 2 Hours

Max. Marks : 80

- Instructions :** 1) Question 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.

1. Answer **any four** from the following : (4×5=20)
- a) Mr. James who was abroad returned to India on 30th June, 2014 and again left India on 20th January, 2015. Calculate the residential status of Mr. James for the Assessment Year 2015-16.
 - b) Mr. Vijay is a non-government employee and also not covered by the Payment of Gratuity Act 1972. He retired on 31st December, 2014 and received Rs. 12,50,000 as gratuity after a service of 36 years and eight months. His average monthly salary during the last ten months before his retirement works out to Rs. 50,000. Determine the amount of gratuity taxable and exempt for the assessment year 2015-16.
 - c) Define Person u/s 2(31) of the Income Tax Act 1961.
 - d) The following data is taken from the books of Long Lasting Products Ltd. The Written Down Value of Machinery as on 1st April, 2014 was Rs. 5,00,000. The rate of depreciation applicable on Machinery is @ 20% p.a. During the month of December 2014 a machine which was costing Rs. 60,000 on which depreciation of Rs. 20,000 written off up to the previous year was sold for Rs. 30,000. On 1st January, 2015 another Machine costing Rs. 3,00,000 was purchased and put to use on the same date. Calculate depreciation allowable for the assessment year 2015-16 on Machinery.
 - e) Mr. Patel is working for Central Government since the year 2010. He earns a basic salary of Rs. 8,000 per month and receives additional Rs. 900 per month towards Entertainment Allowance. Calculate the amount of entertainment allowance exempted and taxable of Mr. Patel for the Assessment Year 2015-16.

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2. a) Mr. Desai submits the following information pertaining to the year ending 31st March, 2015.

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- i) Basic salary Rs. 60,000 per month.
- ii) Dearness Allowance Rs. 12,000 per month.
- iii) Bonus received during the year is Rs. 5,000.
- iv) Salary in lieu of leave Rs. 12,000.
- v) Employers contribution to a recognized provident fund during the year was in excess of the amount prescribed under the rules by Rs. 2,000.
- vi) Received travelling allowance of Rs. 16,000 during the year out of which he actually spent only Rs. 12,000.
- vii) Mr. Desai pays profession tax amounting to Rs. 250 per month.
- viii) Received hostel allowance @ Rs. 400 per month for the first child and @ Rs. 200 per month for the second child.

Calculate the taxable income of Mr. Desai from Salary for the Assessment Year 2015-16.

- b) Ms. Desha is the proprietor of Desha Stores. The Profit and Loss Account of Desha Stores for the financial year ending 31st March, 2015 is given below :

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Profit and Loss Account of Desha Stores for the year ending 31st March, 2015

Particulars	Amount (Rs.)	Particulars	Amount (Rs.)
To Salary to staff	80,000	By Gross profit	5,00,000
To Rent	30,000		
To Commission to salesman	40,000		
To Reserve for bad debts	3,000		
To Depreciation	15,000		
To Entertainment expenses	20,000		
To Advertisement	30,000		
To Bonus to staff	10,000		
To L.I.C. Premium paid (Own Life)	5,000		
To Net profit Bal. c/d	2,67,000		
	5,00,000		5,00,000

Additional Information :

- i) Salary to staff includes Rs. 3,000 spend in buying a gift for her sister who is not working with her.
- ii) Commission to salesman includes Rs. 10,000 paid towards medical expenses of the proprietor.



- iii) Depreciation allowable as per Income Tax Rules is Rs. 18,000.
- iv) Rs. 10,000 included in advertisement has been incurred to repay an old personal loan of the proprietor.
- v) Entertainment expenses amounting to Rs. 5,000 were not related to the business.

Compute the taxable income from business of Ms. Desha for the Assessment Year 2015-16.

3. a) Mr. Joy is employed with Tata Consultancy Services Ltd. and provides you the following information for the financial year ending 31st March, 2015. 10
- i) Net salary Rs. 80,000 per month.
 - ii) Income tax deducted at source Rs. 15,000 per month.
 - iii) Provident fund deducted at source Rs. 8,000 per month.
 - iv) Life Insurance Corporation Premium deducted at source Rs. 4,000 per quarter.
 - v) He receives Rs. 4,000 per month towards Transport Allowance.
 - vi) He paid Rs. 25,000 towards LIC annuity plan during the year.

Compute the taxable income of Mr. Joy from the above information for the Assessment Year 2015-16.

- b) The Receipts and Payments Account of Dr. Rajesh of "City Clinic" for the year ending 31st March, 2015. 10

**Receipts and Payments Account of Dr. Rajesh for the year ending
31st March, 2015**

Receipts	Amount (Rs.)	Payments	Amount (Rs.)
To Bank balance b/d	25,000	By Salaries	2,00,000
To Consulting fees	8,60,000	By Bonus paid to staff	15,000
To Visit fees	12,000	By Rent of the clinic	30,000
To Gift from patients	11,000	By Stationery charges	13,000
To interest received from bank	2,000	By Electricity charges	18,000
		By Telephone expenses	22,000
		By Car expenses	14,000
		By Drawings	50,000
		By Purchase of Medical equipment	75,000
		By Bank balance c/d	4,73,000
	9,10,000		9,10,000

**Additional Information :**

- i) Salaries include Rs. 30,000 paid towards the College tuition fees of his dependent son.
- ii) Rent of the clinic includes Rs. 5,000 paid as rent of his residential house.
- iii) 50% of the electricity charges are for residential purpose.
- iv) 20% of the car expenses are for personal use.
- v) Depreciation allowable on medical equipment as per Income Tax rules is @ 20% per annum.

Calculate the taxable income from Profession of Dr. Rajesh for the Assessment Year 2015-16.

4. Write short notes on :**(4×5=20)**

- a) Leave Travel Concession u/s 10(5) of the Income Tax Act.
- b) Perquisites u/s 17(2) of the Income Tax Act.
- c) Deduction available for a Self Occupied House Property u/s 24 of the Income Tax Act.
- d) Apportionment of income between spouses governed by the Portuguese Civil Code.

5. Answer the following questions :**(4×5=20)**

- a) Define 'Gross Total Income' as per Income Tax Act 1961.
- b) Explain the provision of Arrears of Rent Received u/s 25 B.
- c) Briefly explain the 'Amounts Not Deductable' u/s 58 while computing Income from Other Sources.
- d) Explain the Deductions available in respect of interest on loan taken for higher education u/s 80 E.

6. Answer the following questions :**(4×5=20)**

- a) Write a short note on Agricultural Income u/s 10(1) of the Income Tax Act.
 - b) Mention any five incomes chargeable to tax under the head "Income from Other Sources".
 - c) Explain the 'Scope of Total Income' under the Income Tax 1961.
 - d) Explain the provision in respect of Medical Insurance Premium u/s 80 D on the Income Tax Act 1961 for the Assessment Year 2015-16.
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