



B.Com. (Semester – VI) (Repeat) Examination, Oct./Nov. 2018
COST AND MANAGEMENT ACCOUNTING (Major – 1)
Income Tax

Duration : 2 Hours

Max. Marks : 80

- Instructions :** 1) *Q. 1 is compulsory.*
2) *Answer any three questions from Q. No. 2 to Q. No. 6.*
3) *Figures to the right indicate maximum marks.*

1. Answer **any four** from the following :

(4x5=20)

- a) Miss Aarti, an Indian Citizen, left for abroad for the first time, for employment on 1st June 2014 and settled abroad. She does not visit India during 2015 – 16. During 2016 – 17 she came to India on 25th August 2016 and went back on 28th February 2017. Determine her residential status for the assessment year 2017 – 18.
- b) Explain the term 'Assessment Year' as per The Income Tax Act, 1961.
- c) Mr. Rasikis a Non-Government employee not covered by The Payment of Gratuity Act, 1972. He retires on 30th September 2016, after a service of 18 years and five months. He receives Rs. 3,00,000 as gratuity at the time of retirement. His average monthly salary during the 10 months preceding the month of retirement was Rs. 22,000. Compute the amount of gratuity taxable and exempt for assessment year 2017 – 18.
- d) Mrs. Radhika, from Goa, went on a tour to Rajasthan with her husband Parag, son and Parag's father, who is dependent on him. She incurred the following expenses for the tour :
- Travelling expenses by train and back – Rs. 3,000 per head.
Sightseeing, lodging and boarding at Rajasthan – Rs. 11,000 per head.
Her employer reimbursed her all the expenses of tour.
Determine the taxable Leave travel concession.
- e) The WDV of Plant and Machinery and Computers as on 1st April 2016 was Rs. 12,00,000 and Rs. 2,97,000 respectively. During the year there was an addition on 21st November 2016, to the plant to the extent of Rs. 4,50,000 and computers were also purchased worth Rs. 83,000. A machine was sold for Rs. 2,50,000 on 24th December 2016 and Computers received a sale price Rs. 1,00,000 in the same month.
- From the above data you are required to calculate the depreciation admissible as per Income Tax Rules, for the assessment year 2017 – 18, if the rate of depreciation is 18 % and 10 % respectively on Plant and Machinery and Computers.

P.T.O.



2. A) Mr. Shrikant is working as the head clerk with the Income Tax Department, Margao – Goa. He furnishes you with the following information for assessment year 2017 – 18. 10

- I. Basic Salary Rs. 21,000 per month.
- II. Bonus declared by department Rs. 5,500.
- III. House rent allowance Rs. 850 per month.
- IV. Entertainment allowance Rs. 900 p.m.
- V. Provision of telephone services at his residence, perquisite value thereof Rs. 18,000 p.a.
- VI. Children's education allowance Rs. 1,000 p.m. for 1 child.
- VII. He is also provided with a two-wheeler for official as well as personal use. Perquisite value of this facility for personal use was Rs. 9,000 p.a.
- VIII. Profession tax paid by Shrikant during the year Rs. 2,500.

Compute the Income from Salaries of Mr. Shrikant for the assessment year 2017 – 18.

- B) Sudesh is a Chartered Accountant whose Receipts and Payments Account is provided below for the year ended 31st March 2017. 10

Receipts	Rs.	Payments	Rs.
To Balance b/d		By Salaries and Wages	2,32,000
Bank	1,70,000	By Rent of office	60,000
Cash	<u>40,000</u>	By Printing and Stationery	96,900
	2,10,000	By Subscription to Journals	18,500
To Consultation Fees	9,75,600	By Gifts to Staff	13,000
To Fees for Company Audits	3,02,400	By Income Tax Paid	33,000
To Interest on Bank Deposits (self)	23,900	By Fines and Penalties	4,300
To Fees – Income Tax Matters	1,24,900	By Purchase of Equipments	96,000
		By Balance c/d	
		Bank	10,22,100
		Cash	<u>61,000</u>
	16,36,800		10,83,100
			16,36,800



The following additional information has been provided :

- I. Rent of office includes rent paid to his wife, which is considered unreasonable to the extent of Rs. 9,000.
- II. Depreciation allowable on equipments as per Income Tax Rules is Rs. 7,400.

Compute the Income from profession of Mr. Sudesh for the assessment year 2017 – 18.

3. Rajashri, aged 45 years, was working for M/s Goodluck Charms Ltd. as a manager, till 31st August 2016. She received the following emoluments till that date :

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- I. Net salary Rs. 43,000 per month.
- II. Profession tax deducted at source Rs. 300 per month.
- III. Income tax deducted at source Rs. 1,000 per month.
- IV. Entertainment allowance Rs. 1,200 per month.
- V. Commission 1 % of the turnover. Turnover being Rs. 12 lakhs.
- VI. Provision of a four wheeler for personal use, perquisite value thereof Rs. 15,000.
- VII. Reimbursement of expenses incurred by her for doing official work at Belgavi Rs. 9,640.

Immediately after voluntarily retiring from the above post, she started a super stores on 1st September 2016.

The Profit and Loss A/c of the super stores for the 7 months ended 31-3-17 was :

Particulars	Rs.	Particulars	Rs.
To Travelling Expenses	24,000	By Gross Profit B/D	2,79,000
To Interest on Education Loan	3,900	By Discount Received	5,500
To Provision for Bad Debts	7,000	By Profit on sale of stores furniture	4,200
To Mediclaim Premium :			
(Self)	5,000		
(Dependant) Parents	<u>18,000</u>		
To Payment towards			
Public Provident Fund (Self)	30,000		
To Salaries and Wages	55,000		
To Interest on Capital	11,300		
To Depreciation	32,800		
To Income Tax paid	4,000		
To Net Profit c/d	97,700		
	2,88,700		2,88,700

- 1. The interest paid related to the loan taken for son's higher education.
- 2. Her parents fall in the category of senior citizens during the relevant previous year.

Compute the Total Taxable Income of Rajashri for the assessment year 2017 – 18.



4. Write short notes on the following : (4×5=20)
- a) Scope of total income.
 - b) Exemption available for House Rent Allowance u/s 10 (13A).
 - c) Concept of Perquisite.
 - d) The term 'Assessee' as defined u/s 2(7).
5. Answer the following questions. (4×5=20)
- a) What are the deductions available for ascertaining "income from let out house property" ?
 - b) Briefly explain 'Income from other Sources". Give any three examples.
 - c) Explain the exemption for Agricultural Income 10(1).
 - d) Explain the deduction available to an assessee with disability.
6. Answer the following questions : (4×5=20)
- a) Briefly explain the term 'Company'.
 - b) What do you mean by 'deemed to be let out house property' ?
 - c) Explain any three deductions allowed under The Income Tax Act 1961, while computing "income from other sources".
 - d) Explain in brief any three investments eligible for deduction u/s 80C.