



UNIVERSITY OF GATEWAY  
SCHOOL OF COMMERCE & ECONOMICS  
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DIP – 14

**B.Com (Semester – V) Examination, October 2014**  
**Accounting Major 2 : INCOME TAX, SERVICE TAX AND GOA VALUE**  
**ADDED TAX (Paper – I)**

Duration : 2 Hours

Max. Marks : 80

- Instructions :**
- Question No. 1 is **compulsory**.
  - Answer **any 3** questions from the remaining questions.
  - Figures to the **right** indicate **marks** allotted.
  - Show important **working notes** as **fair work**.

1. A) 'Mr. Tony', a foreign national, visited India for the first time during the year 2009-10 and stayed for 160 days. During the subsequent years 2010-11, 2011-12, 2012-13, 2013-14 his stay in India was for 50 days, 110 days, 65 days and 82 days respectively.  
Determine his residential status in India for the Assessment Year 2014-15. **5**
- B) 'Mr. Saifan' is engaged in the business of carriage of goods. On April 1, 2013, he owned 10 Trucks (6 out of which are heavy goods vehicles).  
On May 10, 2013, he sold one of the heavy goods vehicles. One light goods vehicle was purchased on May 14, 2013 and was put to use from June 20, 2013.  
Determine his estimated income u/s 44 AE for the Assessment Year 2014-15. **5**
- C) 'Mr. Michael' (not covered under payment of Gratuity Act, 1972) retired as the Accountant of Tyres India Ltd. on October 1, 2013, after rendering service for 34 years and 7 months. He received gratuity of ₹ 4,50,000. His average monthly salary for the last 10 months immediately preceding the month in which he retired was ₹ 10,800.  
Determine the gratuity exempt u/s 10(10) for the Assessment Year 2014-15. **5**
- D) 'Mrs. Rubina', who is a service Tax assessee, fails to pay her Service Tax of ₹ 1,50,000 for the quarter ended September 30, 2014, without any reasonable cause. Ultimately, she makes e-payment of the tax on October 13, 2014.  
Determine the amount of penalty payable by her for non-payment of Service Tax. **5**

P.T.O.







To Wealth Tax	5,750	By Profit on sale of Plant	20,000
To Reserve for Doubtful Debts	2,000	By Sundry Business Receipts	10,000
To Diwali Expenses	4,350	By Rent from House Property	30,000
To Donation	4,000	By Dividend from Foreign Co's	10,000
To Telephone Charges	5,650		
To Advertisement	10,500		
To Provision for Income Tax	7,000		
To Depreciation	10,000		
To Interest on Loan	10,000		
To Interest on own capital	5,000		
To Godown Rent	8,000		
To Net profit	2,34,000		
	<b>3,86,500</b>		<b>3,86,500</b>

**Additional Information :**

- Salary includes payment of ₹ 20,000 out of India on which no tax has been deducted at source.
- Travelling expenses include ₹ 2,400 spent on travelling to attend Religious festival.
- Diwali expenses include ₹ 2,500 spent to purchase a bicycle for his son.
- Advertisement includes an advertisement of ₹ 2,500 in a political Party's Brochure.
- Depreciation allowable as per Income Tax Rules ₹ 8,650.
- Half of Telephone charges are related to business.

Compute the income of 'Mr. Deeptesh' chargeable under the head 'Profits and Gains of Business/Profession' for the Assessment Year 2014-15.





4. Answer in short **any four** of the following in relation to Income Tax Act. **20**
- Definition of 'Business'.
  - Definition of 'Previous Year'.
  - Indian and Foreign Income u/s 5.
  - Exemption for interest on securities u/s 10(15).
  - Exemption in relation to Income of Minor Child u/s 10(32).
5. Answer in short **any four** of the following in relation to Income Tax Act : **20**
- Definition of 'Person'.
  - Provisions relating to residential status of a company.
  - Exemption available for agricultural income u/s 10(1).
  - Profits in lieu of salary u/s 17(3).
  - Disallowance of excessive or unreasonable payments u/s 40A(2).
6. a) Answer the following in relation to Income Tax Act :
- Define 'Perquisites' u/s 17(2). **5**
  - Briefly explain certain deductions to be allowed only on actual payment basis u/s 43B. **5**
- b) Answer the following in relation to Service Tax :
- Monthly/Quarterly Payment of Service Tax. **5**
  - Furnishing of Service Tax Return. **5**