

[Total No. of Questions : 6]

**B.Com. (Semester - V) Examination, October - 2011**  
**MAJOR - 2: Income Tax, Service Tax & Goa Value Added Tax**  
**(Paper - I)**

Duration : 2 Hours

Total Marks : 80

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

**Q1)** a) The following incomes of 'Mr. Pathaka' pertain to the previous year ended on 31<sup>st</sup> March, 2011 :

- i) Interest on Fixed Deposits in Bank of Baroda ₹55,000.
- ii) Income from business in Japan, controlled from India ₹2,75,000.
- iii) Dividend from shares of Indian Company received in Goa ₹45,500.
- iv) Fees for technical services provided in U.S.A. received in New York ₹1,52,500.

Compute his Gross Total Income for the Assessment Year 2011-12 (indicating whether a particular income is 'Indian' or 'Foreign' income), if he is :

- 1) Resident but Not Ordinarily Resident and
- 2) Non Resident. [5]

b) 'Miss. Sursuri' is working at Delhi as a senior manager on a basic salary of ₹50,000 per month and D.A. ₹20,000 per month (D.A. is considered for retirement benefits). She also received H.R.A. of ₹15,000 per month and arrears of salary ₹60,000. She paid rent of ₹12,000 per month for a house at Delhi for 10 months from 1<sup>st</sup> April, 2010 to 31<sup>st</sup> January, 2011. Thereafter, she started staying in her own new house.

Compute the amount of taxable H.R.A. for the Assessment Year 2011-12. [5]

c) 'Mr. Flower-Pot' owns a block of assets consisting of Plants 'A' and 'B', the W.D.V. of which on 1<sup>st</sup> April, 2010 is ₹8,50,000.

He provides the following additional particulars regarding this block :

Asset Purchased	Date of Purchase	When asset is put to use	Cost of Asset ₹
Plant 'C'	May 23, 2010	June 10, 2010	2,00,000
Plant 'D'	July 1, 2010	Dec. 15, 2010	3,50,000
Plant 'E'	March 9, 2011	April 7, 2011	1,80,000



Plants 'A' and 'B' are sold on 26<sup>th</sup> September, 2010 for ₹10,75,000.  
Rate of depreciation allowed on the block is 15%.  
Ascertain the amount of depreciation admissible for the Assessment Year 2011-12. [5]

- d) 'Mr. Rocket' is an assessee who fails to pay the service tax of ₹1,60,000 for the quarter ending on 31<sup>st</sup> March, 2011. He paid the amount on 5<sup>th</sup> July, 2011 by cheque, after getting the show cause notice.  
Ascertain the amount of penalty payable by him for non-payment of Service Tax. [5]

Q2) 'Mr. Dhamaka' is employed as a manager of 'Fireworks Limited'. He provides the following information about his income for the previous year ended on 31<sup>st</sup> March, 2011.

- Basic Salary ₹35,000 per month.
- Dearness Allowance 50% of the Basic.
- Bonus received, equal to one month Basic.
- Commission received (not at fixed percentage on turnover) ₹10,000.
- Employers' contribution to Recognized Provident Fund ₹1,38,000.
- Mr. Dhamaka also contributes a similar amount.
- Interest credited to Recognised Provident Fund @ 11% p.a. ₹1,10,000.
- Arrears of Salary received during the year ₹22,000.
- Overtime Salary ₹29,400.
- L.T.C. received during the year in the form of air-conditioned first class rail fare by shortest route ₹14,000 (he had actually spent ₹15,000 for the journey).
- Wages of domestic maid paid by the employer ₹23,000 p.a.
- Entertainment allowance ₹5,000 per month. (amount utilised ₹3,000 p.m.)
- Medical allowance ₹25,000 p.a.
- Perquisite value of accommodation provided at concessional rent ₹10,600.
- Hostel Expenditure Allowance @ ₹400 per month for one child.
- Travelling allowance ₹18,000 (70% utilised for office purpose).
- Mr. Dhamaka paid the professional tax of ₹2,100.

Compute his Income from 'Salaries' for the Assessment Year 2011-12.

[20]



Q3) 'Mrs. Chaturthi', a practicing Chartered Accountant, gives below the summary of her cash transactions for the year ending 31<sup>st</sup> March, 2011 :

Receipts	₹	Payments	₹
To Opening Balance	4,000	By Office expenses :	
To Audit fees :		For 2009-10	1,000
For 2008-09	2,000	For 2010-11	9,000
For 2009-10	5,000	By I.C.A.I. Membership Fees	4,000
For 2010-11	4,53,000	By Salaries and Stipends	1,92,000
To Consultation fees	10,000	By Printing and stationery	1,000
To Gift from Mother	11,000	By Travelling expenses	5,000
To Gifts from clients	9,000	By Office Rent	12,000
To Rent from let out property	12,000	By Interest on Bank Loan	11,800
To Bank interest	10,000	By Donations	2,000
To Income Tax Refund (including Interest ₹500)	5,000	By Purchase of Computer (on 15.09.2010)	60,000
		By Subscription to Journals	15,000
		By Advertisement	12,200
		By Car expenses	28,000
		By General expenses	10,000
		By Income Tax	5,000
		By Insurance	16,000
		By Closing Balance	1,37,000
	5,21,000		5,21,000

**Additional Information :**

- One fourth of the car expenses related to personal use.
- The bank loan was taken for purchase of office furniture.
- Stipends include ₹8,000 p.m. paid to the assessee's son who is working as trainee. Reasonable amount to be paid as per his qualification is ₹5,000 p.m.
- Depreciation on Computer is allowed @ 60% p.a.
- Books worth ₹2,000 purchased for her son are included in general expenses.
- Insurance includes ₹6,000 paid as mediclaim and balance on office furniture.
- Annual maintenance charges payable on computer amount to ₹4,200.
- She maintains the books of accounts on 'cash basis'.

Compute her Income from Profession for the Assessment Year 2011-12.

[20]



**Q4)** Answer in short any four of the following in relation to Income Tax Act. [20]

- a) Definition of Person.
- b) Capital Asset U/S 2(14).
- c) Two sets of conditions to determine residential status of an individual.
- d) Exemption for House Rent Allowance.
- e) Exemption for Gratuity.

**Q5)** Answer in short any four of the following in relation to Income Tax Act. [20]

- a) Gross Total Income u/s 80(B)(5)
- b) Provisions relating to residential status of H.U.F.
- c) Exemption for interest u/s 10(15).
- d) Profit in lieu of Salary.
- e) Deduction of Interest on borrowed capital U/S 36(1)(iii).

**Q6)** a) What is the deduction for Entertainment Allowance U/s 16? [5]

b) What are the provisions for Computation of Income U/S 44AD of Income Tax Act? [5]

c) Answer the following in short in relation to Service Tax.

i) Definitions of :- 'Cable Operator' and 'Architect' [5]

ii) Due date for payment of service tax in case of a Partnership a Firm and a Company. [5]

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