



SRN – 14

**B.Com. (Semester – V) Examination, October 2013**  
**Accounting Major 2 : INCOME TAX, SERVICE TAX AND GOA VALUE**  
**ADDED TAX (Paper – I)**

Duration : 2 Hours

Max. Marks : 80

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

1. A) 'Miss Savani', who is British citizen, comes to India as a Commentator/Member of Jury during the following period :
- | Period                               | Purpose of Visit to India  |
|--------------------------------------|--|
| January 1, 2011 to November 30, 2011 | India Vs. Australia and thereafter<br>India Vs. Sri Lanka Cricket Series |
| February 12, 2012 to April 20, 2012  | Tri-Cricket Tournament   |
| October 6, 2012 to December 25, 2012 | IPL Tournament   |
| January 4, 2013 to January 12, 2013  | Miss Beautiful Pageant (as Member of Jury)                               |
| March 2, 2013 to March 29, 2013      | Asia Hockey Cup  |
- Ascertain her Residential Status in India for the Assessment Year 2013-14. 5
- B) 'Miss Aashadhi' is employed in 'Sankashti Ltd.' at Varanasi, from 1<sup>st</sup> May 2012. She gets basic salary of ₹ 24,000 per month, Dearness Allowance @ 70% of Basic salary (half of the D.A. is included for computing all retirement benefits) and House Rent Allowance of ₹ 12,000 per month. The assessee however, pays a rent of ₹ 8,000 per month.  
Compute the amount of House Rent Allowance exempt for the Assessment Year 2013-14. 5
- C) 'Mrs. Falguni' owns a 'Block' of assets comprising of Plants A, B and C with a W.D.V. of ₹ 14,80,000 as on April 1, 2012. The Block was depreciated @ 15% p.a. Further details about the Block are as below :
- On September 1, 2012 Plant D was purchased for ₹ 1,65,000 and subsidy of ₹ 15,000 was received from the Government. This Plant was put to use on September 5, 2012.

P.T.O.



An additional Plant E costing ₹ 3,10,000 was purchased and put to use on December 24, 2012.

On February 1, 2013, Plant A was sold for ₹ 6,30,000.

Compute the amount of Depreciation admissible for the Block for the Assessment Year 2013-14. 5

D) 'Mrs Ekaadashi', who is a service tax assessee, fails to pay her Service Tax of ₹ 2,75,000 for the quarter ended June 30, 2013. She ultimately makes e-payment of the tax, through internet banking on September 16, 2013 on receipt of a show cause notice.

Ascertain the amount of penalty payable by her for non-payment of Service Tax. 5

2. 'Miss Dwaadashi', a resident of Margao-Goa, works in the sales division of 'M/s Kedarnath Automobiles Ltd.' Goa. She receives the following emoluments during the year ended March 31, 2013 :

Basic Salary ₹ 60,000 p.m.

Dearness Allowance ₹ 30,000 p.m. (50% forms part of salary for computing retirement benefits)

Commission of 5% on automobiles sold by her (the value of automobiles sold by her during the year works out to ₹ 50,00,000).

House Rent Allowance ₹ 5,000 p.m. (HRA exempt for the year works out to ₹ 5,000)

Bonus received @ 25% of basic salary.

Arrears of salary of 2011-12 received as per revised pay scale, Net (after TDS of ₹ 6,000) ₹ 24,000.

Conveyance Allowance ₹ 2,000 p.m. (80% is utilised for official purpose)

Uniform Allowance ₹ 8,000 p.a. (Amount actually spent on the same ₹ 6,800)

Entertainment Allowance ₹ 7,200 p.a. (Amount actually spent ₹ 8,000)

The employers' contribution to the Recognised Provident Fund ₹ 1,45,750. The assessee also contributes a similar amount.

Interest credited to his Recognised Provident Fund @ 9.75% during the year ₹ 19,500.

Employer reimbursed expenditure of ₹ 16,000 incurred by the assessee for her own medical treatment in a private hospital.

Professional Tax paid by the employer ₹ 200 p.m.

Compute her income under the head 'Salaries' for the Assessment Year 2013-14. 20



3. 'Mrs. Amaavashya', who runs a retail business provides the following Profit and Loss Account for the year ending March 31, 2013 :

**Profit and Loss Account for year ended March 31, 2013**

Particulars	₹	Particulars	₹
To Salaries	1,50,000	By Gross Profit	10,00,000
To Stationery and Printing	20,000	By Sundry business receipts	7,000
To General expenses	80,000	By Profit on sale of Import licence	10,000
To Interest and Penalties	55,000	By Income Tax Refund	8,000
To Rent	48,000	By Interest on Income Tax Refund	1,000
To Repairs and Renewals	60,000	By Winnings from Lotteries	21,000
To Commission on Sales	75,000	By Rent of House Property	26,000
To Extension of Office Premises	3,00,000		
To Insurance Premium	40,000		
To Donations and Charity	50,000		
To Provision for Bonus	25,000		
To Contribution to an unapproved Gratuity Fund	24,000		
To Depreciation	18,000		
To Provision for bad debts	15,000		
To Net Profit	1,13,000		
	<b>10,73,000</b>		<b>10,73,000</b>

**Additional Information :**

- a) Salary includes :
  - i) ₹ 4,000 being the salary of domestic servant engaged at her residence.
  - ii) ₹ 24,000 Salary paid to her daughter (reasonable being ₹ 18,000).
- b) A desktop computer worth ₹ 42,600 was purchased on July 1, 2012. The depreciation @ 60% on the computer needs to be provided.



- c) Interest and Penalties includes a penalty of ₹ 10,000 for illegal import of goods, and ₹ 2,400 as interest on a loan taken to pay Income Tax.
- d) Rent paid pertained to a godown owned by the assessee herself.
- e) Repairs include ₹ 25,000 incurred on repairs of her own residential house.
- f) Bonus is not paid till filing the return of income.
- g) Actual Bad debts written off during the year amounted to ₹ 11,000.

Compute the Income chargeable under the head 'Profits and gains of Business/ Profession' for the Assessment Year 2013-14. 20

4. Answer in short **any four** of the following in relation to Income Tax Act 20

- a) Definition of 'Person'.
- b) Definition of 'Company'.
- c) 'Indian' and 'Foreign' Income u/s 5.
- d) Exemption for gratuity received by a non-government employee covered by the Payment of Gratuity Act, 1972.
- e) Exemption available for Educational Scholarships.

5. 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 a Company
- c) Exemption in relation to Interest on Securities u/s 10 (15)
- d) Perquisites u/s 17 (2)
- e) Deduction of Interest on borrowed capital u/s 36 (1) (iii)

6. a) Answer the following in relation to Income Tax Act :

- i) What is the deduction available for Entertainment Allowance ? 5
- ii) What are the provisions of Section 44AE ? 5

b) Explain the following in relation to Service Tax

- i) Monthly/Quarterly payment and due dates for payment of service tax. 5
- ii) Interest for late payment of service tax. 5