

**Goa Vidyaprasarak Mandal's
GOPAL GOVIND POY RAITURCAR COLLEGE OF
COMMERCE AND ECONOMICS, PONDA – GOA.**

B.COM. CBCS (SEMESTER IV) SUPPLEMENTARY EXAMINATION,
December 2020
INCOME TAX (Direct Tax)

Time: 2 hours

Maximum Marks: 40

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- Instructions :
- 1) Answer any **TEN** questions from Q.no.1.
 - 2) Answer any **FOUR** questions from Q.no.2.
 - 3) Figures to the right indicate maximum marks.

- 1. Answer the following questions (any TEN) (10 X 2 marks =20)**
- a) Alka earns a Basic salary of ₹ 24,000 per month, Dearness allowance (20% of the basic), Commission @1% of turnover (annual turnover ₹ 5 lakhs) and conveyance allowance of ₹1,000 p.m. Calculate her total annual gross salary.
 - b) Explain any two disallowable expenses u/s 40A.
 - c) Guirish receives Children's education allowance ₹ 900 per month for 1 child and Hostel expenditure allowance ₹ 1,000 pm. for 2 children each. Calculate the exemption available for each of these allowances for the month.
 - d) Explain in brief, the term "Permanent Account Number" u/s 139A of the Income Tax Act.
 - e) Smita is working in a company. She also received yearly bonus during Diwali ₹ 3,000. She was provided with domestic servants at her residence, the perquisite value of which was ₹ 3,000 per month. The employer also provided her with a facility of gas connection at home, perquisite value of which shall be ₹ 12,000 p.a. Calculate the total value of her perquisites for the year.
 - f) State, with reasons, whether the following expenses are allowable or disallowable from business income : Shop rent paid to wife ₹ 10,000, out of which ₹ 6,000 was found to be unreasonable by the assessing officer. Advertisements to the extent of ₹ 1,000 were paid for in the souvenir of a political party.
 - g) Write a short note on 'Gratuity' as received by a non-government employee.

- h) Kshama earns a net salary of ₹ 43,000 per month. Profession tax was deducted at source ₹ 300 per month and Income tax deducted at source was ₹1,000 per month. Calculate the gross annual salary of Kshama.
- i) Explain, in detail, any two incomes that are exempt from tax u/s 10.
- j) Write a short note on residential status of an individual.
- k) The following are the details of the receipts side of the receipts and payments account of Dr. Sudesh for the assesment year 2019-20. State the items that shall be shown as income from his profession.

Receipts		₹
To balance b/d		
Bank	180,000	
Cash	<u>40,000</u>	2,20,000
To Consultation fees		2,60,000
To Sale of medicines		50,000
To Operation theatre rent		90,000
To Interest on bank deposits(self)		26,000
To visiting fees		23,900

- l) Anil has a flower shop business which he started on 25th February 2018. On 31st December 2018 he started yet another business of a stationery shop. Determine the relevant previous years for the two types of businesses i.e. flower vendor and stationery shop respectively, for the assessment year 2019-20.
- m) Explain the term 'Block of Assets' u/s 2(11) of the Income Tax Act.
- n) Mention the conditions u/s 37 to be satisfied for an expense to be allowable in computation of income from business/profession.
- o) Determine the category of "Person" in which the following assesseees fall :
- Mr. Avinash, a businessman
 - M/s Hindustan Unilever Ltd.
 - M/s Anuradha & Co.
 - Goa University.
- p) What are retirement benefits? give any two examples.

2. Answer the following questions (any FOUR)

(4 X 5 marks =20)

- a. Miss Antara is employed with Remi Ltd., situated at Bengaluru. She receives a basic salary of ₹ 24,000 per month and dearness allowance of 60% of basic salary (DA forms a part of computation of retirement benefits). She also receives house rent allowance of ₹12,000 per month. The assessee pays a monthly rent of ₹ 8,000, for accommodation at Bengaluru.
Compute the amount of house rent allowance exempt u/s 10(13A) for assessment year 2019-20.
- b. Compute the depreciation admissible on the block of machinery for the AY 2019-20, on the basis of the following information :
- Opening WDV of the block of assets as on 1.4.18 – ₹ 6,00,000.
 - Purchase of machinery for ₹ 2,00,000 on 1.12.18.
 - Sale of machinery with book value ₹ 50,000 for ₹ 60,000 on 29.7.18.
 - Rate of depreciation admissible for the block of machinery is 20% p.a.
- c. Explain, in detail, the three deductions available to a salaried employee, u/s 16 ?
- d. Sangeeta went on a tour to Sikkim with her husband, daughter and unmarried sister (who is fully dependent on her). She incurred the following expenses in relation to the tour - Travelling expenses by bus to and fro were ₹ 6,000 per person. Sightseeing, lodging and boarding while on tour ₹10,800 per head. The employer reimbursed all the expenses incurred by her.

Compute the LTC exempt and taxable in the hands of assessee Sangeeta.

- e. Kusum is a Government employee who receives ₹1,000 per month as entertainment allowance. Her basic salary during the previous year 2018-19 was ₹18,000 per month. Her house rent, other allowances and perquisites totaled up to ₹ 90,000 annually. She spends ₹ 600 on an average for entertainment expenses. Compute the entertainment allowance deduction available to her under section 16 for the assessment year 2019-20.
- f. Marc, from Paris, comes to India for the first time during 2013-14. During the financial years 2013-14, 2014-15, 2015-16, 2016-17 and 2017-18 he was in India for 190, 170, 40, 283 and 235 days respectively. During the year 2018-19 he stayed in India for 92 days only. Determine his residential status for the assessment year 2019-20.