



B.Com. (Semester – V) Examination, April/May 2019
Accounting Major 2 : INCOME TAX, SERVICE TAX AND GOA VALUE
ADDED TAX (Paper – I) (Old Course)

Duration : 2 Hours

Maximum 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) Mr. Amar was born in Karachi on 02nd January 1947. He has been staying in USA since 1986. He comes to India on a visit of 200 days on 10th October 2017. Determine the residential status of Mr. Amar for the Assessment Year 2018 – 19. **5**
- B) Mr. Sapnesh an employee of RM Co. Ltd. receives Rs. 78,000 as gratuity. He is covered by the Payment of Gratuity Act, 1972". He retires on 12th December 2017 after rendering service of 38 years and 8 months. At the time of retirement his monthly basic salary and dearness allowance was Rs. 2,400 and Rs. 800 respectively. Calculate amount of Gratuity chargeable to tax for A.Y. 2018 – 19. **5**
- C) The following details regarding machinery account (one block) of M/s. Ralson Ltd. **5**

Particulars	Date	Rs.
Written Down Value of the block as on	01-04-2017	3,50,000
Machinery 'P' purchase and put to use on	10-06-2017	2,50,000
Machinery 'Q' purchased and put to use on	25-07-2017	1,00,000
Machinery 'R' purchased and put to use on	20-03-2018	90,000
Sale Proceeds of machinery on	30-09-2017	Rs. 7,20,000

Admissible rate of depreciation on the block 15%

Ascertain the amount of depreciation admissible for A.Y. 2018 – 19.

P.T.O.



D) 'M/s. Ashiyaan Services, is a newly set up service agency in India during the financial year 2017-18. Following are the details of billing/receipts towards the gross amount charged by them for services rendered to different clients till 30th June, 2017 :

Date of Billing /Receipt	Name of client	Amount Rs.
05-04-2017	Sharma Ltd.	3,00,000
11-04-2017	Modern Traders	5,00,000
15-05-2017	International Labour Organisation	3,00,000
20-05-2017	M/s. Gajanan Industries Ltd.	1,20,000
05-06-2017	International Monetary Fund (IMF)	2,70,000
30-06-2017	Bank of Baroda	2,05,000

Determine the dates as to when 'M/s. Ashiyaan Services would become due for registration and payment of service tax. Also ascertain the aggregate value of taxable services till 30th June, 2017.

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2. MS. Deepika a Central Government employee in Goa receives the following emoluments for the year ending 31st March 2018.

Basic salary Rs. 4,00,000 p.a.

Dearness Allowance (Rs. 8,000 p.m.) (considered for retirement benefits)

Arrears of salary received during the year Rs. 25,000

Leave Salary Rs. 14,000

Entertainment allowance Rs. 600 p.m.

Conveyance allowance Rs. 2,000 p.m. (actually spent Rs. 2,400 p.m.)

Children education allowance Rs. 450 p.m. for 3 children (Rs. 150×3= Rs. 450 p.m.)

Hostel expenditure allowance Rs. 600 p.m. for 2 children (Rs. 300×2= Rs. 600 p.m.)

Employers contribution to Recognised Provident Fund Rs. 64,480 p.a.

Interest credited to above Recognised Provident Fund is Rs. 25,000 @ 10%

Perquisite value of rent free furnished accommodation provided by the employer Rs. 15,000.



Leave Travel Concession (LTC) received from the employer as per prescribed rules Rs. 10,000.

Reimbursement of medical expenses incurred on medical treatment of family members in a private hospital Rs. 15,000

Professional tax paid by the employee Rs. 2,500

Compute her income under the head 'Salaries' for the A.Y. 2018-19. **20**

3. Ms. Sanjivani, a practicing C.A. Gives below the summary of her cash transactions for the year ending 31st March 2018.

Cash Book

Receipts	Amt.	Payments	Amt.
To Opening balance	4,000	By Office expenses	
To Audit fees		For 2016 - 17 Rs. 1,000	
For 2015 - 16 Rs. 5,000		For 2017 - 18 Rs. 9,000	10,000
For 2016 - 17 Rs. 5,000		By ICAI membership fees	4,000
For 2017 - 18 Rs. 4,50,000	4,60,000		
To Consultation fees	11,000	By Salaries and Stipends	1,92,000
To Gift from father	11,000	By Printing and Stationery	1,000
To Gift from clients	8,000	By Travelling expenses	5,000
To Rent from let out property	12,000	By Office rent	12,000
To Bank interest	10,000	By Interest on bank loan	11,800
		By Donations	2,000
To Income tax refund	5,000	By Purchase of computer (15 th Sept. 2017)	60,000
		By Subscription to journals	15,000
		By Advertisement	12,200
		By Car expenses	28,000

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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

5,21,000

Additional Information :

- 1) $\frac{1}{4}$ of the car expenses related to personal use.
- 2) The bank loan was taken for purchase of office furniture.
- 3) Stipend includes Rs. 8,000 per month paid to the assessee's son who is working as trainee. Reasonable amount to be paid as per his qualification is Rs. 5,000 p.m.
- 4) Depreciation on computer is allowed @ 40% p.a.
- 5) Books worth Rs. 2,000 purchased for her son are included in General expenses.
- 6) Insurance includes Rs. 6,000 paid as personal mediclaim and balance on office furniture.
- 7) Annual maintenance charges payable on computer amounted to Rs. 4,200.
- 8) She maintains the books of accounts on cash basis.

Compute her income from Profession for Assessment Year 2018 – 19. 20

4. Answer in short **any four** of the following in relation to Income Tax Act : **(4×5=20)**
- a) Definition of 'Person' U/S 2 (31)
 - b) Definition of 'Previous Year' U/S 3
 - c) Special provisions for persons governed by Portuguese Civil Law- Sec. 5A.
 - d) Exemption in relation to House Rent Allowance U/S 10 (13A)
 - e) Exemption in relation Educational Scholarships U/S 10 (16)



5. Answer in short **any four** of the following in relation to Income Tax Act : (4x5=20)

- a) Definition of 'Assessment Year U/S 2 (9)
- b) Residential Status of a Company U/S 6 (3).
- c) Exemption in relation to Special allowance U/S 10(14) pertaining to Children Education and Children Hostel Expenditure Allowance.
- d) Exemption in relation to dividend and interest on Units U/S 10 (34) and (35).
- e) Computation of income on estimated basis U/S 44 AE.

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

- i) Entertainment Allowance U/S 16 (ii) 5
- ii) Provisions of Section 44 AD of Income Tax Act. 5

b) Answer the following in relation to Service Tax :

- i) Monthly/Quarterly payment of service tax. 5
- ii) Furnishing of service tax return. 5

C) The following details regarding machinery account (one block) of Mrs. Rajor

Particulars	Date	Rs.
Written Down Value of the block as on	01-04-2017	3,50,000
Machinery 'P' purchased and put to use on	10-06-2017	2,50,000
Machinery 'Q' purchased and put to use on	25-07-2017	1,00,000
Machinery 'R' purchased and put to use on	30-03-2018	90,000

Sale Proceeds of machinery on 30-03-2018 were Rs. 7,20,000

Admissible rate of Depreciation on the block 15%

Ascertain the amount of depreciation admissible for A.Y. 2018-19