



Date:XX-10-2019

ST. JOSEPH'S COLLEGE (AUTONOMOUS), BANGALORE-27

B.COM - V SEMESTER

SEMESTER EXAMINATION - OCTOBER 2019

BC5216 / BPS5216 -INCOME TAX I

Time-21/2hrs

Max Marks-70

This paper contains three printed pages and four parts

SECTION-A

Answer any FIVE of the following questions. Each question carries two marks. (5x2=10)

- 1) Define Person.
- 2) List the exceptions for the 'General Rule of Previous Year'?
- 3) List any four income tax authorities.
- 4) State the conditions under section 6(1) for determining residential status of individuals.
- 5) What is unrealised rent? What are the conditions for deducting unrealised rent.
- 6) List any four tax-free perquisites.
- 7) Who is a 'specified assessee'.

SECTION- B

Answer any THREE of the following questions. Each question carries five marks.(3x5=15)

8) Mr Harish a manager,retires from XYZ Ltd., on 31 january 2019 after rendering service for 26 years 7 months. His salary was ₹ 20,000 per month upto 30 september 2018 and ₹ 25,000 thereafter. He also gets ₹ 2,000 per month as dearness allowance(60% of it is a part of salary for retirement benefits) and commission at 2.5% on turnover achieved by him. During the 10 months immediately preceding the retirement he achieved a turnover of ₹ 9,00,000. He is not covered by The Payment of Gratuity Act 1972. He has received ₹ 7,50,000 as gratuity from the employer company. Compute Taxable Gratuity for the Assessment Year 2019 - 2020.

- 9) What is meant by canons of taxations? Explain any four canons of taxation.
- 10) From the following information compute taxable income from house property for the Assessment Year 2019 - 2020.
Municipal Value ₹ 1,20,000
Fair Rental Value ₹ 2,00,000
Let out (per month) ₹ 16,000
Standard Rent ₹ 1,40,000
Unrealized rent for one month

Municipal tax paid by owner of house property ₹ 20,000 ;
Municipal tax paid by the tenant ₹ 10,000.

- 11) Classify the following incomes of the assessee into revenue and capital receipts
- Salary Income from JK Ltd.,
 - Retrenchment Compensation from NGEF Ltd.,
 - Amount received on maturity of life insurance policy
 - Profit on sale of property at Mysore.
 - Profit from the business of textiles.
 - Interest on Bank Deposits.
- 12) Mr George receives ₹ 3,80,000 as leave encashment at the time of his retirement on 28 february 2019. Determine the amount of taxable leave encashment from the following information for the Assessment Year 2019 - 20
- Basic Salary upto 30 june 2018 ₹ 6,000 p.m and thereafter ₹ 7,000 p.m
 - Dearness Allowance ₹ 2,500 p.m (part of salary for retirement benefit)
 - Duration of service 36 years and 9 months
 - Leave entitlement as per company rules - 2 months for every year of service
 - Leave at credit at the time of retirement 40 months.

SECTION -C

Answer any Three of the following questions. Each question carries ten marks. (3x10=30)

- 13)** Mr Kiran is working in a private company in Bengaluru. From the following details compute his taxable income from salary for the Assessment Year 2019-2020.
- a) Net Salary ₹ 1,42,000 after deduction of tax at source ₹ 18,000 in the year.
 - b) Dearness Allowance ₹ 1,500 per month (forming part of salary)
 - c) Bonus equal to 3 months basic salary
 - d) He is provided with rent free furnished accomodation owned by the company. Cost of furniture ₹ 1,00,000. FRV of the house is ₹ 7,500 pm.
 - e) His son is studying in a residential school in Coorg and the company is paying educational allowance of ₹ 9,000p.a.and hostel allowance of ₹ 17,000 p.a
 - f) He is contributing to Recognised Provident Fund at 15% of salary and the company is also contributing equal amount
 - g) Interest earned on Recognised Provident Fund ₹ 8,400 at 14% per annum
 - h) Conveyance Allowance ₹ 15,000 of which he spent ₹ 8,000 for official purpose
 - l) He has a telephone at his reidence for personal and official use and its bill ₹ 10,000 is paid by the company.
 - j) He paid ₹ 2,400 professional tax.
- 14) Mr Kishore retires on 31 March 2018. He gets ₹ 15,000 per month as pension. On 1 feb 2019 he commuted 40% of pension for ₹ 2,75,000. Compute Taxable Pension for the Assessment Year 2019 - 2020.
- a) If Mr Kishore is a Government Employee
 - b) If Mr Kishore is a Non Government Employee receiving Gratuity at the time of retirement .
 - c) If Mr Kishore is a Non Government Employee not receiving Gratuity at the time of retirement.

15) Mr Rishab, an Indian citizen, went out of India for the first time on 31 August 2018. He came back to India after meeting his relatives on 1 April 2019. Determine his residential status for the Assessment Year 2019 -2020.

16) What is Assessment? Explain any four types of assessments.

17) Mr Anand furnishes the following particulars of his income:-

- a) Interest on German Development Bonds (2/5th received in India) ₹ 50,000
 - b) Income from agriculture in Bangladesh (received there but later on ₹ 50,000 remitted to India) ₹ 1,71,000.
 - c) Income from Property in Canada received there (₹ 66,000 is used in Canada for meeting the educational expenses of his son in USA) ₹ 76,000
 - d) Income from business in Kenya which is controlled from Bengaluru (₹ 15,000 is received in Bengaluru) ₹ 65,000
 - e) Dividend paid by an Indian Company but received in Canada ₹ 46,000.
 - f) Past Untaxed profit of ₹1,50,000 brought to India during the current previous year.
 - g) Profit from business in Mysore but managed from London ₹ 47,000
 - h) Profit on sale of building in Mangalore but received in Sri Lanka ₹ 5,80,000
 - i) Speculation profit earned and received in Australia ₹ 40,000
 - j) Gift in foreign currency from a friend received in India ₹ 60,000
- Show the incomes that are to be considered in the computation of gross total income for the AY 2019-20 if Mr Anand is:
- i) Resident and Ordinarily Resident
 - ii) Resident and Not Ordinarily Resident &
 - iii) Non - Resident

SECTION -D

Answer the following compulsory question. The question carries fifteen marks.(1x15=15)

18) Mr John owns 4 houses. HP -I is let out for business purpose. HP-II is occupied for own business and HP-III and HP-IV are occupied for own residence. Following particulars are available with respect to these properties for PY 2018-19.

Particulars	HP-I (₹)	HP-II (₹)	HP-III (₹)	HP-IV (₹)
Municipal Value	80,000	20,000	1,96,000	2,10,000
Fair Rental Value	98,000	46,000	1,64,000	2,10,000
Standard Rent	92,400	34,000	1,60,000	1,90,000
Annual Rent	1,04,000	-	-	-
Unrealised Rent	27,000	-	-	-
Vacancy Loss	10,000	-	-	-
Municipal Tax :				
- Paid by the owner	23,000	18,000	22,000	36,000
- Paid by the tenant	23,000	-	-	-

Determine Mr John's Income from House Property for the Assessment Year 2019 -2020.

