



SN – 357

V Semester B.Com. Examination, November/December 2014  
(Fresh) (2014-15 & Onwards)

COMMERCE

5.3 : INCOME TAX

Time : 3 Hours

Max. Marks : 100

**Instruction** : Answer should be written either completely in **English** or **Kannada**.

SECTION – A

Answer **any ten** questions. **Each** question carries **two** marks. (10×2=20)

1. a) Define the term Previous Year.
- b) State the various heads of Income.
- c) Give any two examples of agricultural income.
- d) Who can be resident but not ordinary resident under Income Tax Act ?
- e) Who is assessee-in-default ?
- f) How do you treat an income as an Indian income or as a Foreign income ?
- g) Define Annual value.
- h) Give the meaning of salary for the purpose of calculating exempted earned leave salary.
- i) What is meant by an allowance ?
- j) What is standard rent ?
- k) Expand CBDT and PAN.
- l) Mention any two exempted income.

P.T.O.





## SECTION - B

Answer any four questions. Each question carries eight marks.

(4×8=32)

2. Explain the canons of Taxation.

3. Mr. Harish a General Manager in a private company in Bangalore, retired from his service on December 15, 2013 after 28 years and 8 months of service and receives ₹ 3,50,000 as death cum retirement gratuity. At the time of retirement his basic salary was ₹ 18,200 per month. He has received ₹ 1,000 per month as D.A., 80% of which form part of salary for the purpose of computation of retirement benefits and 6% commission on turnover achieved by him. Total turnover achieved by him for 10 months ended 30<sup>th</sup> November 2013 is ₹ 1,50,000.

Assume he is not covered under Gratuity Act. Compute his taxable gratuity for the A.Y. 2014-15.

4. Mr. Veeresh a citizen of England came to India for the first time on 01-05-2007. He stayed here without any break for 3 years and left for Singapur on 01-05-2010. He returned to India on 01-04-2011 and went back to England on 1-12-2011. He was pointed back to India on 20-1-2014.

Determine his residential status for the A.Y. 2014-15.





5. Calculate total house property net annual value for the A.Y. 2014-15.

Particulars	₹
Municipal value	1,20,000
Fair rent	1,30,000
Standard rent	1,10,000
Actual rent [If the property is let out throughout the P.Y.]	1,26,000
Unrealised rent	10,500
Vacancy period	1 month
Municipal tax paid by owner	17,000

6. Mr. Srinidhi retires from service on 30-6-2013. He is paid pension of 7,500 per month. He commutes 75% of his pension on 1-12-2013 and received 4,50,000 as commuted pension.

Compute the taxable amount of commuted pension for the assessment year 2014-15 assuming that

- a) He is government employee
- b) He is non government employee who doesn't receives gratuity
- c) He is non-government employee receives gratuity.





## SECTION – C

Answer any three questions. Each question carries sixteen marks. (3×16=48)

7. Mr. Nischay furnishes the following particulars of his income earned during the previous year 2013-14.

- a) Profit from business in Chennai ₹ 50,000.
- b) Income from agriculture in Srilanka ₹ 1,90,000.
- c) Income from property in Mexico received there ₹ 2,00,000.
- d) Interest on Singapur Development Bonds ₹ 1,50,000 ( $\frac{1}{3}$  received in India).
- e) Income from business in Kuwait controlled from Mumbai ₹ 85,000 (₹ 35,000 received in India).
- f) Dividend from domestic company ₹ 1,000.
- g) Profit on sale of building in Bangalore received in Nepal ₹ 50,000.
- h) Income from agriculture in Punjab ₹ 1,00,000.
- i) Profit on sale of plant at London ₹ 50,000 (50% is received in India)
- j) Rent from House property in Nepal received there ₹ 20,000
- k) Profit from business in Mysore received in Mandya ₹ 25,000.
- l) Dividends from U.K. based company received in U.K. ₹ 27,000.





Compute his Gross Total Income for the Assessment year 2014-15 if he is

- a) Ordinary resident
- b) Not ordinary resident
- c) Non resident.

8. The following particulars relates to the income of Mr. Pavan for the previous year 2013-14 :

He is employed in a cotton textile mill at Bangalore on a monthly salary of ₹ 25,000. He is also entitled to a commission @ 1% of sales effected by him. The sales effected by him during the previous year amounted to ₹ 40,00,000. He received the following allowances and perquisites during previous year :

- a) Dearness pay at ₹ 6,000 per month.
- b) Bonus at two months basic salary.
- c) Entertainment allowances @ ₹ 2,000 per month.
- d) House rent allowances at ₹ 5,000 per month.
- e) The employer paid ₹ 10,000 towards the income tax liability of Mr. Pavan.
- f) The employer provided a telephone at his residence by meeting all expenses amounting to ₹ 6,000 for the year.
- g) He and his employer contributed 15% of his salary to his R.P.F. and interest credited to this fund at 10% amounted to ₹ 30,000 during the previous year.
- h) He spent ₹ 6,000 per month as rent of the house occupied by him in Bangalore.

Compute his taxable income under the head salaries for the assessment year 2014-15.





9. Mr. Mukesh is owner of three houses in Bangalore.

Particulars	House A	House B	House C
	₹	₹	₹
Fair Rent	18,000	15,000	12,000
Municipal valuation	15,000	20,000	10,000
Let out (Per month)	2,000	1,500	2,500
Use by tenant	Residential	Office	Residential
Construction started	30-5-2008	1-1-2008	2-3-2005
Construction completed	1-4-2011	1-6-2011	31-3-2006
Repair expenses	1,000	-	4,000
Collection charges	2,000	500	-
Interest on Loan			
a) For construction	10,000	-	-
b) For marriage of daughter	-	6,000	-
c) For repair	-	-	1,000

Municipal Tax is 10% of Municipal valuation. Municipal tax of House 'A' was paid by owner but Municipal tax of House 'B' was not paid upto 31<sup>st</sup> March 2014. Municipal Tax of House 'C' was paid by the tenant. The House 'C' was remained vacant for 2 months.

Compute income from House property for the Assessment Year 2014-15.





10. Mr. Ganesh the manager of Maruthi Suzuki Ltd., Mumbai, has furnished the following details of his income for the year ended 31<sup>st</sup> March 2014 :

- i) Basic salary ₹ 21,000 per month.
- ii) Bonus - 2 months basic salary.
- iii) Commission is 3% on sales - During the year he reached a sales of ₹ 5,00,000.
- iv) Dearness allowance forming part of salary ₹ 7,000 per month (Considered to retirement benefits).
- v) Medical allowance ₹ 1,400 per month.
- vi) Entertainment allowance ₹ 3,000 per month.
- vii) Childrens hostel allowance for his two children at ₹ 500 per month per child.
- viii) R.P.F. – Company's contribution ₹ 6,000 per month.
- ix) R.P.F. – Own contribution ₹ 5,000 per month.
- x) Interest on R.P.F. at 11% P.a. ₹ 44,000.

He has been provided rent free furnished accommodation at Mumbai whose fair rental value is ₹ 10,000 and cost of furniture ₹ 60,000. He paid professional tax of ₹ 2,400.

Compute his taxable salary for the Assessment year 2014-15.