

VI Semester B.B.A. Examination, September/October 2021
(CBCS) (F+R) (2016 – 17 and Onwards)
BUSINESS ADMINISTRATION
Paper – 6.3 : Income Tax

Time : 3 Hours

Max. Marks : 70

Instruction : Answers should be written in **English** only.

SECTION – A

1. Answer **any 5** sub-questions. **Each** sub-question carries **2** marks. **(5×2=10)**
- What is Direct Tax ?
 - What do you mean by exempted income U/S 10 of the I.T. Act ? Give an example.
 - Name any 4 cannons of taxation.
 - Define salary.
 - What do you mean by composite rent ?
 - Define the term Business.
 - What do you mean by short-term capital asset ?

SECTION – B

Answer **any 3** questions. **Each** question carries **6** marks. **(3×6=18)**

2. State, whether the following incomes are agricultural or non-agricultural incomes :
- Income from sale of flowers and creepers.
 - Income from agricultural land situated in Punjab.
 - Income from self grown grass.
 - Interest received on loan given to farmer.
 - Income from Dairy products.
 - Dividend received from company engaged in agricultural activities.
3. Mr. Hithveek a foreign citizen leaves India for the first time in the last 20 years on November 20th, 2017. During the calendar year 2018 he comes to India on 1st September and stays for a period of 30 days. During the calendar year 2019, he does not visit India at all but comes to India on 16-01-2020. Determine his residential status for the A.Y. 2020-21.

P.T.O.



4. Mr. Nataraj is employed in Bangalore. His particulars of income for the P.Y. 2019-20 are
 Basic Salary ₹ 8,000 p.m.
 DA – ₹ 2,000 p.m. (40% enters into all retirement benefits)
 Bonus – ₹ 4,000 p.a.
 Commission – ₹ 8,500 p.a.
 Entertainment allowance – ₹ 500 p.m.
 Fair rental value of Rent free house provided by the employer ₹ 40,000 p. a.
 value of furniture provided ₹ 20,000. Its WDV as on 1/4/2019 ₹ 5,000. Compute taxable value of RFA for the A.Y. 2020-21.
5. Calculate GAV of Mr. Harish from the following particulars given below :
 Annual rent ₹ 1,02,000 p.a.
 MRV – ₹ 65,000 p.a.
 FRV – ₹ 69,000 p.a.
 Standard rent – ₹ 55,000 p.a.
 The assessee could not realise rent for one month and the house also remained vacant for 3 months during the P.Y. 2019-20.
6. Mr. Manikanta gives you the following information of his taxable income under various heads for the P.Y. 2019-20. Compute his total taxable income for the A.Y. 2020-21
- Income from salary ₹ 4,10,000 (computed).
 - Income from house property ₹ 1,08,000 (computed).
 - Income from business ₹ 2,00,000
 - Short term capital gains ₹ 60,000
 - Income from other sources ₹ 50,000
 - Life insurance premium paid ₹ 25,000
 - Donation to PM National Relief Fund ₹ 15,000

SECTION – C

Answer any 3 questions. Each question carries 14 marks.

(3×14=42)

7. Mr. Krishna furnishes the following particulars of his income earned during the P.Y. 2019-20.
- Profit from business in Channai ₹ 50,000
 - Income from agriculture in Ceylon ₹ 1,90,000
 - Income from property in Mexico received there ₹ 2,00,000
 - Interest on US development bonds ₹ 1,50,000 (1/3 -received in India)
 - Income from business in Dubai controlled from Mumbai ₹ 85,000 (₹ 35,000 received in India)
 - Dividend from domestic company ₹ 1,000
 - Profit on sale of building in Bangalore received on Nepal ₹ 50,000.
 - Income from agriculture in Punjab ₹ 1,00,000
 - Profit on sale of plant at London ₹ 50,000 (50% received in India)
 - Rent from house property in Nepal received there ₹ 20,000
 - Profit from business in Mysore received in Mandya ₹ 25,000



- l) Dividend from U.K. based company received in UK ₹ 27,000.
Compute his GTI for the A.Y. 2020-21. If he is
- i) Resident ii) Not ordinarily resident iii) Non-Resident
8. Mr. Prabil working in ABC Co. Ltd. Bangalore has furnished the following details of his income for the P.Y. 2019-20. Compute his income from salary for the A.Y. 2020-21.
- a) Basic Salary ₹ 40,000 p.m.
b) D.A. enters into retirement benefits ₹ 24,000 p.m.
c) Fixed percentage of commission on sales ₹ 15,000 p.m.
d) Bonus ₹ 65,000 p.a.
e) HRA ₹ 12,500 p.m. (Rent paid ₹ 10,600 p.m.)
f) Transport allowance ₹ 4,000 p.m.
g) Reimbursement of medical expenses ₹ 2,500 for treatment taken in private hospital.
h) Management contribution and own contribution to RPF is 15% of salary.
i) Interest credited to RPF is ₹ 11,000 at 11% p.a.
j) Professional tax paid by employee is ₹ 400 p.m.
k) He is provided with more than 1.6 litre capacity car by the company for official use. All the expenses including salary of the driver are met by the company.
l) Children education allowance ₹ 600p.m. per child for 2 children.
9. Mr. Vittal (resident) was a employee of Government Industrial Unit at Bangalore.
- a) Basic Salary ₹ 15,000 p.m.
b) DA (given under the terms of employment) ₹ 5,000 p.m.
c) Entertainment allowance ₹ 1,000 p.m.
d) Medical allowance ₹ 500 p.m. (Actual Medical expenses incurred ₹ 7,500)
e) Car of 1400 cc provided by the employer for private and office use. Employer meets expenses of car.
f) Conference fees paid by the employer ₹ 10,000
g) Mediclaim insurance paid by the employer on the life of Mr. Vittal's brother, who is not dependent on Mr. Vittal ₹ 3,000
h) Free telephone at residence ₹ 3,000
i) He and his employer (each contributes 15% of Salary to SPF)
j) Mr. Vittal has taken interest from loan of ₹ 15,000 to purchase refrigerator.
k) Ration bill paid by the employer ₹ 6,000
l) He gets hostel allowance of ₹ 400 p.m. for his daughter.
- Compute his salary income for the A.Y. 2020-21



10. Mr. Basavaraj is the owner of 3 houses. The particular are as follows.

Particulars	House		
	A	B	C
FRV	40,000	35,000	50,000
Municipal Valuation (MRV)	50,000	40,000	50,000
Standard rent	45,000	42,000	55,000
Let out (per month)	3,000	2,500	—
Purpose of use	LOP for Residence	LOP for Business	SOP
Repairs	2,000	—	5,000
Collection charges	3,000	1,000	—
Interest on loan	15,000	5,000	2,000

Municipal tax is 10% of Municipal value. Municipal tax of house A was paid by tenant, but Municipal tax of house B was not paid till 31-3-2020, Municipal tax of house C was paid by owner. House A remained vacant for 4 months. Compute income from house property for the A.Y. 2020-21.

11. Mr. Gangadhar gives you the following profit and loss account and additional information for the P.Y. 2019-20. You are required to compute his taxable business income.

Particulars	₹	Particulars	₹
To Salaries	1,80,000	By Gross profit	10,00,000
To Rent and rates	1,20,000	By Commission	1,00,000
To establishment expenses	2,70,000	By Refund of GST	25,000
To RDD	5,000	By Refund of exercise Penalty	50,000
To Publicity	30,000	By interest on securities	25,000
To Patent purchased	1,00,000	By Rent from house property	1,20,000
To Technical know-how purchased on 1-1-2020	1,00,000	By profit on sale of shares	30,000
To Depreciation	70,000	By shares of income from HUF	1,00,000
To provision for taxation	80,000		
To Donation to National Laboratory	50,000		
To Net profit	4,45,000		
	14,50,000		14,50,000

Additional information :

- Establishment expenses include ₹ 10,000 for repairs to house property and ₹ 5,000 paid to insurance of house property.
- Salary includes ₹ 30,000 to owner's son and I.T. Officer points out ₹ 5,000 as excessive.
- Depreciation allowable as per I.T. provision ₹ 50,000 (excluding patent and Technical know-how purchased).