



UG – 365

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VI Semester B.B.A. Examination, September/October 2022
(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. **(2×5=10)**
- What is Provident Fund ?
 - What are the deductions available U/S 24 ?
 - Write the additional conditions of Residential Status.
 - What do you mean by profession ?
 - What is cost of acquisition ?
 - Mention any four disallowed expenses, in calculation of profit from business.
 - What is the meaning of Agricultural Income ?

SECTION – B

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

2. Mr. Vijayanand is a citizen of America comes to India on 20-3-2020 for the first time and on 1-09-2020 he left India and went to Nepal on a business trip. Again he comes back to India on 26-02-2021. Determine his residential status for the Assessment Year 2021 – 22.
3. State, whether the following income are agriculture or non-agriculture incomes.
- Income from sale of forest trees of spontaneous growth.
 - Income from agricultural land situated in urban area.
 - Income derived from lease of land for grazing of cattle required for agricultural operations.
 - Income from the sale of earth for brick making
 - Income from dairy farming
 - Income from dairy products.

P.T.O.



4. Mr. 'A' is an accountant in a Bank @ Town 'S', having population 2,00,000 as per 2001 census. Following are particulars of his salary for the FY 2020 – 21. Basic pay ₹ 14,000 p.m.; Dearness pay ₹ 2,000 p.m.; DA ₹ 3,000 p.m.; Salary in lieu of leave ₹ 10,000; Annual bonus received ₹ 5,000; Education Allowance for one child ₹ 4,000 p.m.; He has been provided unfurnished, the bank pays for the said house ₹ 2,500 p.m.; but deducts only ₹ 500 p.m.; from the salary of Mr. 'A'. Compute taxable value of rent free unfurnished accommodation for the A. Y. 2021 – 22.
5. Distinguish between Short term capital gain and Long term capital gain.
6. Determine the Net Annual Value of house property for the A. Y. 2021 – 22.

Particulars	₹
Municipal value	1,50,000
Fair rent	1,70,000
Standard rent	1,30,000
Actual rent per month	15,000
Unrealised rent	18,000
House vacancy period	1 month
Municipal tax paid	15,000

SECTION – C

Answer any 3 questions. Each question carries 14 marks.

(3×14=42)

7. Following are the particulars of Mr. Ranganath for the previous year 2020 – 21.
- Profit on sale of plant @ Singapore (one half is received in India) ₹ 2,50,000
 - Profit on sale of property at Bengaluru (one half received in Hong - Kong) ₹ 50,000
 - Interest on UK development bonds ₹ 2,00,000 of which ₹ 1,00,000 remitted to India
 - Profit from business in Mangaluru, he control it from USA ₹ 30,000
 - Income from business in Mysore but received in Holland ₹ 5,00,000
 - Profit from business in Pakistan controlled from India (40% profit received in India) ₹ 6,00,000
 - Dividends from domestic company ₹ 2,00,000
 - Interest on Post Office Savings Bank Account ₹ 1,000
 - Past untaxed foreign income brought to India during previous year ₹ 2,00,000
 - Rural agricultural income in India ₹ 3,00,000
 - Salary and allowances from UNO ₹ 3,00,000
 - Interest and dividends from units of UTI ₹ 20,000
 - Income earned in Australia and received there but brought to India ₹ 2,00,000
 - Salary (computed) received in India for services rendered in Sri Lanka ₹ 1,50,000.
- Compute his taxable income for the Assessment Year 2021 – 22. If he is
(i) Resident (ii) Not ordinarily resident (iii) Non-resident.



8. Mrs. Radha who is an officer in XYZ Ltd. gives you the following particulars :
- a) Basic salary ₹ 16,000 p.m.
 - b) DA ₹ 1,000 p.m. (50% enters into all retirement benefits)
 - c) HRA ₹ 5,000 p.m. (Rent paid ₹ 7,000 @ Bangalore)
 - d) Conveyance allowance ₹ 800 p.m. (₹ 600 p.m. used for official purpose)
 - e) CCA ₹ 150 p.m.
 - f) Motor car of exceeding 1600 CC with driver provided used partly for official and partly personal purposes.
 - g) Payment of her LIC premium ₹ 8,000 by the company.
 - h) Children education allowance of ₹ 200 p.m. each for her 3 children.
 - i) Services of Sweeper (salary ₹ 200 p.m.) out of which 50 p.m. each recovered from Mrs. Radha.
 - j) She contributes 14% of her salary to RPF and the company makes a matching contribution to RPF, interest credited to RPF is ₹ 6,875 @ 12.5% p.a.
- Compute her income from salary for the Assessment Year 2021 – 22.

9. The following is the P & L A/c of Mr. Ranjith for the year ending 31-03-2021.

Particulars	₹	Particulars	₹
To Salaries	1,65,000	By Gross profit	2,50,000
To Office expenses	18,000	By Bad debts recovered	10,000
To Depreciation	14,000	By Dividend	3,000
To GST	9,000	By Commission	10,000
To Legal expenses	8,000	By Rent of house property	9,000
To Income tax	7,000	By Brokerage	10,000
To Patents purchased (1/8 th)	12,000	By Sundry receipts	5,000
To Repairs	6,000	By Share of income	3,000
To Donations	2,000	from HUF	
To Provision for bad debts	3,000		
To General expenses	12,000		
To Net profit	44,000		
	3,00,000		3,00,000

Additional Information :

- a) Salary includes ₹ 6,000 paid to workers employed at home.
- b) Legal expenses includes ₹ 1,000 paid to the advocate in connection with personal case.
- c) General expenses includes ₹ 4,000 as contribution to staff welfare fund.
- d) Out of the bad debts recovered only ₹ 4,000 were allowed as deduction earlier.

Compute his income from business for the Assessment Year 2021 – 22.



10. Mr. Shivram is the owner of three houses in Nelmangala, the details are as follows :

Particulars	House A Rs.	House B Rs.	House C Rs.
Municipal value (p.a)	1,60,000	1,72,000	1,84,000
Annual fair rental value	1,90,000	2,20,000	2,15,000
Standard rent p.a.	1,84,000	1,90,000	2,00,000
Purpose of use	Let out for Business	Let out for residence	Self-occupied
Rent received (p.m.)	19,000	22,000	—
Municipal taxes paid :			
a) For the year 2019 – 20	9,000	9,600	—
b) For the year 2020 – 21	15,000	15,200	6,000
Repair expenses	16,000	10,000	8,000
Unrealised rent during the year	1 month	1 month	—
Interest on loan for additional construction	49,000	69,000	1,90,000
Vacancy period	2 months	2 months	1 month

Compute taxable income from House property for the A. Y. 2021 – 22.

11. Compute taxable salary of Mr. Ram for the A. Y. 2021 – 22.

Basic salary Rs. 40,000 p.m.

Bonus 2 months basic salary.

Contribution to RPF @ 14% of salary. (both employees and employee)

Commission on sales @ 7.5% on total sales of Rs. 25,00,000.

Arrears salary 4,50,000.

Fixed medical allowance 5,000 p.m.

Warden and proctor allowance Rs. 8,000 p.m.

Entertainment allowance @ Rs. 1,000 p.m.

Children education allowance @ Rs. 500 per child p.m. for three children.

Facility of big car along with the driver both for office and personal use.

Other particulars are :

- 1) Contribution to LIC Rs. 2,000 as premium as whole life policy.
- 2) Med claim insurance premium paid Rs. 35,000.
- 3) Professional tax paid during the year 200 p.m.