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VI Semester B.B.A. Degree Examination, September/October - 2022

BUSINESS MANAGEMENT

Income Tax

(CBCS Scheme (R) 2018)

Paper : 6.3

Time : 3 Hours

Maximum Marks : 70

Instructions to Candidates:

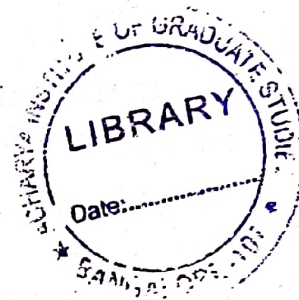
All answers should be in english only.

SECTION-A

I. Answer any Five questions. Each carries 2 marks.

(5×2=10)

1. a. What is Assessment year?
- b. Who is an assessee?
- c. Define a person.
- d. Who is a Resident?
- e. What is Allowance?
- f. Define Profession.
- g. What is meant by income from other sources.

**SECTION - B**

II. Answer any Three questions. Each carries six marks.

(3×6=18)

2. How to determine residential status of individual?
3. What are exempted Incomes U/S 10? Give five examples.
4. Calculate Net annual value from the following information.

Actual rent received	15,000 p.m
Fair Rent	12,000 p.m
Municipal value	10,000 p.m.

Municipal takes paid by Assessee 10% on municipal value.

[P.T.O.]





5. Basic salary 15,000 pm Dearness allowance 12,000 pm (50% for part of salary for retirement benefits) commission 2% on turnover HRA actually received Rs. 5000 p.m Rent paid Rs. 4500 p.m.
Turnover during the year 15,00,000. Calculate exempted amount of HRA.
6. Calculate gross total income from the following information
Income from salary 1,50,000/-
Income from house property 60,000/-
Income from business 30,000/-
Income from other sources 25,000/-
Total deductions sec 80 c to 80 U Rs. 55,000.
(Above incomes are calculated (or) computed incomes).

SECTION - C

III. Answer any Three questions from the following each carries 14 marks. (3×14=42)

7. Compute salary income from the following information of Mr. Mahesh for the A.Y. 2021-22.
Basic salary Rs. 15,000 pm
DA Rs. 5,000 pm (Enters)
commission Rs. 12,000 p.a on the turnover achieved
Bonus Rs. 4,000 p.a
HRA Rs. 8,000 p.m and travelling allowance Rs. 1,600 per month (Fully spent for official purpose)
He lives in a rented house for which he pays Rs. 9,000 p.m as rent find out taxable salary income for the AY 2021-22.
8. Mr. Ram is the owner of a house at Chennai, particulars in respect of which for the year ended 31st March 2021 are as below :
- Actual Rent 5,000 p.m.
 - Municipal value 48,000 P.A.
 - Total municipal taxes Rs. 4,800.
 - Municipal tax paid by Mr. Ram 2,400/-
 - Municipal tax paid by tenant 2,400/-
 - Repair charges Rs. 4,500/-
 - Interest on loan Rs. 12,000 P.A.
- Compute income from H.P. for the AY 2021-22.

9. Following is the receipts and payments account of Doctor Hariprasad for the year ending 31.3.2021.

Receipts	Rs.	Payments	Rs.
To Balance b/d	1,20,000	By clinic rent	25,000
To consultation fees	65,000	By staff salary	80,000
To visiting fees	80,000	By Rent and taxes	25,000
To sale of medicines	45,000	By electricity and water charge	14,000
To operation theater rent	25,000	By purchase of medical books	14,000
To Dividend	25,000	By purchase of surgical equipment	40,000
		By motor car expenses	10,000
		By medical association member fees	5,000
		By Audit fees	20,000
		By staff welfare exp.	12,000
		By Diwali Exp.	6,000
		By entertainment exp.	12,000
		By medicine purchase	30,000
		By balance c/d	67,000
Total	3,60,000	Total	3,60,000

Additional information :

- Gift from patient Rs. 4,000 was given to him by a patient not included in the account.
- 1/4 of motor car expenses relate to personal use.
- The rate of depreciation on surgical equipment is 40%.
- Interest received on bank deposits.
- Audit fee include income tax appeal expenses of Rs. 10,000.

Compute his taxable income from profession for the AY. 2021-22.

[P.T.O.]



10. Following are the particulars of income of Mr. Raju for the p.y. 2020-21.

- a) Income from agriculture in shimoga - Rs. 45,000/-
- b) Income from business in Srilanka controlled from chennai Rs. 75,000.
- c) Income from house property in Bangalore Rs. 90,000.
- d) Income from business in singapore. The business is controlled from mysore Rs. 1,00,000/- (But Rs. 45,000 is received in Bangalore).
- e) Share of profit in partnership firm in mumbai Rs. 18,000.
- f) Income from business in Kerala but received in Australia Rs. 35,000.
- g) Profit from business in london controlled from India Rs. 50,000 (1/2 being received in India).
- h) Dividend received in Sydney from a company registered in India Rs. 22,000/-.
- i) Income from house property in Nepal Rs. 18,000.
- j) Profit on sale of plant at Kolkata Rs. 80,000 (50% received in Bangladesh) compute his gross total income for the A.Y 2021-22 if he is
 - i) Resident.
 - ii) Not ordinary resident
 - iii) Non resident.

11. Explain the provisions for set - off and carry forward of losses in detail.



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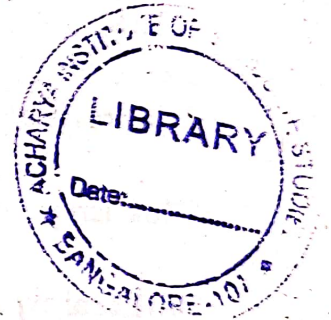
VI Semester B.B.A. Degree Examination, August/September - 2023

BUSINESS ADMINISTRATION**Income Tax II,****(CBCS Scheme 2019 - 20)****Paper - 6.1****Time : 3 Hours****Maximum Marks : 70****Instructions to Candidates :**

Answers should be written in English only.

SECTION - AAnswer any **Five** questions. Each question carries **Two** marks:**(5×2=10)**

1. a) What do you mean by profession?
- b) What do you mean by Gross Total Income?
- c) State any two taxable incomes under Income from other sources.
- d) What is Depreciation.
- e) Expand PAN and FMV.
- f) What is capital Asset?
- g) What is casual Income?



[P.T.O.]



(2)

SECTION - B

(3×5=15)

- Answer any Three questions. Each question carries Five marks.
2. From the following profit and loss account of Mr. Bindu for the year ending 31.3.2022, compute the income from business for the A.Y. 2022-23.

Particulars	Rs.	Particulars	Rs.
To office expenses	40,000	By Gross profit b/d	6,40,000
To General expenses	16,000	By Interest on Govt. securities	11,200
To Interest on bank loan	4,000	By Discount received	16,000
To Audit fees	4,000	By Dividend	16,000
To Interest on capital	12,000	By Bad debts recovered	
To Rent	20,000	(not written off previous year)	800
To provision for Income Tax	16,000	By sundry receipts	16,000
To charity	8,000		
To Legal expenses	4,000		
To Compensation to retrenched employees	20,000		
To Extension of building	36,000		
To GST	8,000		
To Net profit	5,12,000		
	<u>7,00,000</u>		<u>7,00,000</u>

3. Mr. Vijay kumar purchased a plot in 2001-02 for Rs.2,00,000. It was sold on 15-1-2022 for Rs.26,80,000 and he paid Rs.2,00,000 as brokerage charges. He invested Rs.2,00,000 in NHAI bonds and Rs.3,10,000 in bonds issued by Rural electrification corporation Ltd.

Compute his taxable capital gain for the Assessment year 2022-23.

If CII: 2001-02 = 100 and 2021-22 = 317.

4. Sri Surya has the following investments for the year ending 31.3.2022.

- i) Dividend from Indian company Rs.4,000
- ii) Rs.80,000 in post office savings bank account which earns the interest @ 5% p.a.
- iii) Rs.90,000, 10% tax free debentures of Mysore Municipal Corporation.
- iv) 14% Karnataka state electricity board bonds Rs.30,000
- v) Rs.50,000 fixed deposits with Canara Bank, Mysore at 8% p.a.

Compute the income from other sources of Sri Surya from the above for the assessment year 2022-23.

5. Ms. Jigeesha, a resident submits the following particulars of her income and expenditure for the previous year 2021-22.

- a) Gross total income Rs.9,00,000
- b) Contribution to PPF Rs.80,000
- c) Contribution to annuity plan of LIC Rs.15,000
- d) Contribution to PM's National Relief fund Rs.10,000
- e) Contribution to charitable hospital Rs.10,000
- f) Contribution to defence fund Rs.15,000

Compute Jigisha's total income for A. Y. 2022-23.

[P.T.O.]

SECTION - C

(3×15=45)

Answer any Three questions. Each question carries Fifteen marks.

6. Following is the profit and loss account of Mr. Sekhar for the year ending 31.3.2022.

Particulars	Rs.	Particulars	Rs.
To salaries	3,30,000	By Gross profit	5,00,000
To office expenses	36,000	By bad debts recovered	20,000
To depreciation	28,000	By dividends	6,000
To GST	18,000	By rent from house property	18,000
To legal expenses	16,000	By commission	20,000
To income tax	14,000	By brokerage	20,000
To exp. on acq. of patent rights (½ of Rs.48,000 being cost of patent rights acquired on 15.12.2021)	24,000	By sundry receipts	10,000
To repairs	12,000	By share of income from HUF	6,000
To donation	4,000		
To provision for bad debts	6,000		
To general expenses	24,000		
To net profit	88,000		
	6,00,000		6,00,000

[P.T.O.]

Additional Information:

- i) Salaries include Rs.12,000 paid to worker employed at home.
- ii) Depreciation of Rs.6,000 being unabsorbed depreciation of earlier years, not recovered.
- iii) Legal expenses include Rs.2,000 paid to the lawyer in connection with personal case.
- iv) General expenses include Rs.8,000 as contribution to staff welfare fund.
- v) Out of bad debts recovered only Rs.8,000 were allowed as deduction earlier.

Calculate the income of Mr. Chandan from the business for the assessment year 2022-23.

7. The following is the receipts and payment account of Mr. Ramamohan, a chartered accountant for the previous year ending on 31.3.2022.

Particulars (Receipts)	Rs.	Particulars (Payments)	Rs.
To balance b/d	1,50,000	By staff salary	3,00,000
To audit fee	2,00,000	By stipend to audit clerks	1,00,000
To tax consultancy fees	2,50,000	By office rent	90,000
To project report fees	2,00,000	By software development expenses	10,000
To stipend to articled clerks	50,000		
To accounting software charges	50,000	By office expenses	1,25,000
To guest lectures in CA institute	25,000	By books : Annual	30,000
		Non-Annual	30,000
To bank interest	20,000	By Car expenses	65,000
To remuneration as member tax reforms commission	20,000	By CA institute membership fee	5,000
Bonus and commission from firm	5,000	By contribution to PPF	50,000
		By balance c/d	1,65,000
	<u>9,70,000</u>		<u>9,70,000</u>

[P.T.O.]

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Other information:

- $\frac{1}{4}$ th of car usage is personal use.
- Depreciation on car Rs.10,000
- Depreciation on office furniture Rs.7,000.

Compute income from profession taxable for the A.Y. 2022-23.

8. From the following particulars, compute taxable capital gains of Mr. Shekar (resident) for A.Y. 2022-23.

Assets	Date of Purchase	Cost Rs.	FMV on 1-4-2001	Date of Sale	Sale price	Selling expenses
House property	1-12-2007	75,000	-	1-10-2021	15,00,000	20,000
Personal Jewellery	1-12-1978	12,000	20,000	1-11-2021	3,00,000	4,500
Listed debentures	1-12-2007	50,000	-	1-02-2022	2,00,000	1,000
Personal car	1-12-2012	30,000	-	01-01-2022	12,000	-
Urban agricultural Land	1-12-1985	48,000	45,000	1-03-2022	8,50,000	30,000

He purchased a new agricultural land on 31-3-2022 for Rs.1,00,000. (CIIs:2001-02=100; 2007-08=129; 2012-13=200; 2021-22=317)

9. Following are the details of Mr. Lokesha for the previous year 2021-22.

- Gross salary Rs.5,54,000 (Computed)
- Income from house property (Computed) Rs.72,000
- Income from business (Computed) Rs.3,37,000
- Income from profession of consulting (Computed) Rs. 1,18,000

(7)

- v) Short term capital gain on sale of Jewellery Rs.57,000
- vi) Short term capital gain on sale of shares Rs.49,000
(Not subject to STT)
- vii) Long term capital gain on sale of land Rs.1,33,000

Mr. Lokesha is eligible for deduction under various sections of 80C to the extent of Rs.1,47,000. For the P.Y. 2021-22 he had paid an advance tax of Rs.49,000.

Compute the net tax liability of Mr. Lokesha for the assessment year 2022-23, if he is a resident aged about 58 years, under old tax regime only.