647510 **BBAtaxAC5040** **Seat No :________**

B.B.A. Semester - 5 (Remedial) (*CBCS*) Examination
February/March. -2020
DIRECT TAXES(ALLIED)

Time: 2:30 Hours **Marks: 70**

Instructions:

1. All questions are compulsory.
2. Figures to the right indicate marks.

Q.1 Write about the following. (14)
(A) Income (B) Assessee (C) Previous year

OR

Q.1 Define the following terms.
(A) Gross total income (B) Agricultural income (C) Incidence of tax

Q.2 Write about exempted incomes with illustrations. (any ten) (14)

OR

Q.2 Write a brief note on executive authorities of income tax.

Q.3 From the following informations submitted by Mr A, compute his taxable salary income for the A.Y. 2019-20. (14)

Basic salary Rs. 20000 per month. D.A. Rs.2000 per month. (60% of which forms part of his salary for retirement benefits). City compeusatory allowance Rs.200 P.M. HRA Rs. 4000 P.M. He pays Rs.6000 P.M. as rent for a house situated in Mumbai. children education allowance Rs.120 P.M. for 3 children. Hostel expenditure allowance Rs.700 P.M. for 2 children. Medical allowance Rs.1000 P.M. he spends Rs.6000 during the year on his own medical treatment.

He was also provided with the facility of a watchman, sweeper and gardner, the employer pays wages of Rs. 2000 P.M. to each of them. He was also been provided with a car of 1800 c.c. engine with driver, which he uses partly for personal purposes also.

His professional tax of Rs.600 is paid by the employer. He contributes Rs.600 P.M. to his recognized provident fund to which employer also contributes equally, the interest @ 11% p.a. amounting to Rs.44000 was credited to his P.F. a/c for the year ending on 31-03-19.

OR

Q.3 A Ltd. Has offered you a job in Mumbai at a basic salary of Rs.23000 P.M. and an option to choose any one of the following two packages.

Package-I

(1) HRA Rs. 9000 P.M. (rent to be paied Rs. 9000 P.M.)
(2) Education allowance Rs. 600 P.M. for one child.
(3) Telephone allowance Rs.2000 P.M.
(4) Medical allowance Rs. 1500 P.M.
(5) Conveyance allowance Rs. 1500 P.M. for private use.

Package-II

(1) Company owned accommodation, fair rental value Rs. 108000 p.a.
(2) Education facility for one child in own educational institution valued Rs. 600 P.M.
(3) Free telephone facility up to Rs.2000 P.M.
(4) Medical reimbursement up to Rs. 18000 p.a
(5) Motor car facility for private use with expenditure valued at Rs.18000 p.a.

The company also offers you the services of watchman, sweeper and gardner in both the above packages. The salary to each employee Rs.1000 P.M.

Which package will you choose to minimize your tax liability.

Q.4 Mr. B has two house properties situated at Delhi. Property X was self-occupied. Property Y has two identical units. Unit I was also self-occupied whereas unit-II was let out for residential purposes. The other particulars of the property are given below. (14)

Particulars	Property-X	Property-Y
Municipal valuation.	6,00,000	9,00,000
Rent received.	-	40,000 p.m.
Repairs.	50,000	1,10,000
Collection charges.	-	2,000
Ground rent.	10,000	5,000
Interest on money borrowed for construction.	2,00,000	3,60,000
Municipal taxes paid.	1,00,000	1,60,000

Unit-II of property Y remained vacant for one month.

Advise Mr. B. which property showed be opt as self-occupied for the the A.Y. 2019-20 so that his income under the head house property is minimum. Also compute such income.

OR

Q.4 Ram and his three brothers Laxman, Bharat and Shatraghana are the equal owners of a house property consisting of 8 flats. The four brother are occupying one flat each for their residential purpose and the balance flats are let out for residencial purpose. The actual rent received from the rented flats is Rs.10,000 P.M. perflat. Municipal taxes paid for the entire property is Rs. 32,000.

The following expenses were incurred by them during the year ended on 31-01-2019 in respect of the property.

- Repairs. Rs. 20,000.
- Five insurance premium Rs. 5000.
- Interest on money borrowed for construction Rs. 1,30,000.
- Ground rent Rs. 2000
- Collection charges Rs. 5000.

One of these flats remained vacant for 3 months. The other incomes of Ram, Laxman, Bharat and shatrughana are Rs. 1,00,000, Rs. 60,000, Rs. 1,40,000 and Rs. 1,60,000 respectively.

You are required to determine the income from house property for each co-owners as well as their gross total income for the A.Y. 2019-20

Q.5 Following is the profit as loss A/C of Mr. B for the year ended on 31-03-2019. Compate his taxable business income for the A.Y. 2019-20. (14)

Dr.	Amt. Rs.	Cr.	Amt. Rs.
- Salaries	9,00,000	By gross profit	32,00,000
- Bad debts	30,000	- Discount	1,20,000
- Bad debt reserve	60,000	- Bad debt recovered (50% not allowed in the past)	60,000
- General expenses	3,80,000		
- Insurance premium	1,50,000		
- Interest on capital	90,000	- Interest and dividend	3,00,000
- Advance income tax	54,000	- Interest on P.O. deposit A/C	1,20,000
- Advertisement	90,000		
- Donation	18,000		
- Motor-car expenses	1,80,000		
- Telephone expenses	36,000		
- Depreciation	72,000		
Net Profit	15,00,000		
	38,00,000		38,00,000

Additional informations.

(1) Salaries include Rs. 1,80,000 paid to Mr. B.
(2) General expenses include Rs. 60,000 for payment made for personal purchases.
(3) Advertisement includes Rs. 54000 spent for purchase of new permanent sign board.
(4) Motor-car expenses include Rs. 1,44,000 for personal purposes.
(5) Insurance premium includes Rs. 60,000 for life insurance premium.
(6) Allowable depreciation as per income tax Act is Rs.90,000
(7) An unrecorded income of Rs. 1,20,000 is found out from pass book.
(8) Difference of balance of debit side is less by Rs. 2,40,000.

OR

Q.5 Shri alpesh is a practicing doctor. From the following cash account for the year ended on 31-03-2019, calculate his taxable professional income.

Particulars	Amt. Rs.	Particulars	Amt. Rs.
- Opening balance	51750	- Hospital rent	1,54,000
- Rent of operation theatre	1,20,000	- Hospital expenses	2,25,000
- Consulting fees	5,12,000	- Life insu. Premium	3,000
- Gift received from patients	20,000	- Investment inP.P.F.	30,000
- Gift received from relatives on birthday.	3,500	- Fire insurance prem. - Hospital 10,000 - Residence 5000	15000
- Sale of medicines	1,20,000	- Municipal taxes - Hospital 5000 - Residence 3000	8000
- Sale of surgical equipments	10,000	- Drawings	30,000
- Bank interest	2,200	- Purchase of medicines	1,10,000
- Interest on deposits	1,500	- Purchase of surgical equipments (on 1-1-19)	75,000
		- Vehicle expenses for personal use.	20,000
		Closing balance	1,17,950
	841950		841950

Additional informations.

(1) He has earned salary of Rs. 56,000 from a medical college.
(2) Opening balance of surgical equipments after initial depreciation was. Rs. 75,000 (The rate of depreciation is 25%)
(3) Opening stock of medicine was Rs.35000 and closing stock was Rs. 45000.

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