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

B.B.A. Semester - 5 (*CBCS*) Examination
Oct/Nov. - 2022(Old Course)
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 a Short notes on. (14)

1. What is 'Income'? State the rules to determine income.
2. Explain with illustration 'Financial year' and 'Assessment Year'.

OR

Q.1 Define the following terms (Any Two):

1. Gross Total Income
2. Heads of Income
3. Incidence of Tax
4. Person

Q.2 Write short notes: (Any Two) (14)

1. Central Board of Direct Taxes
2. Explain any Five fully exempted incomes
3. Assessing officers
4. Commissioners of Income - Tax

Q.3 Find out taxable income from Business and profession from the following Cash Account of Dr. Divy Rana for the year ending on 31-3-2021. (14)

Particulars	Rs.	Particulars	Rs.
Opening Balance	25,000	Staff Salary	10,50,000
Operation Income	6,00,000	Insurance of Hospital	30,000
Consulting fee	5,00,000	Purchase of Magazine	25,000
Sale of Medicine	40,000	Purchase of Medicine	60,000
Hospital Income	3,00,000	Purchase of Instrument 1-4-20	1,80,000
Visit fee	50,000	Professional Tax	3,000
Sale of Instrument 1-6-2020	10,000	Ambulance expenses	1,37,000
Gift from patients	15,000	Conference fee	20,000
Salary from Medical Institute	2,60,000	Motor expenses	40,000
Dividend	10,000	House Hold Expenses	3,60,000
House rent (Let-out)	1,20,000	Income tax	85,000
		Closing Balance (Overdraft)	- 60,000
	19,30,000		19,30,000

Additional Information:

1. Staff salary includes Rs. 30,000 salary paid to his wife. Wife does not provide any service to the firm.
2. ¼ th use of Motor is for personal purposes.
3. Opening written down value of instrument was Rs. 25,000. Rate of depreciation is 20%.

OR

Q.3 Following is the profit and loss A/c of Mr. Hari, who is into trade of chemical goods, for the year ended 31-3-2021:

Particulars	Rs.	Particulars	Rs.
To Salaries	9,00,000	By Gross Profit	32,00,000
To Bad debts	30,000	By Discount	1,20,000
To Bad Debt reserve	60,000	By Bad debt recovered (50%	
To General expenses	3,80,000	not allowed in the past)	60,000
To Insurance premium	1,50,000	By Interest and dividend	3,00,000
To Interest on capital	90,000	By Interest on P.O Office	
To Advance Income-tax	54,000	Deposit Accounts	1,20,000
To Advertisement	90,000		
To Donation	18,000		
To Motor – car Expenses	180,000		
To Telephone expenses	36,000		
To Depreciation	72,000		
To Net Profit	17,40,000		
	38,00,000		38,00,000

Additional Information:

1. Salaries include Rs. 1,80,000 paid to Mr. Hari.
2. General expenses include Rs. 60,000 for payment being made for personal purchases of Mr. Hari.
3. Advertisement includes Rs. 54,000 spent on purchase of new permanent sing board.
4. Motor-car expense includes Rs. 1,44,000 towards personal purpose.
5. Insurance premium includes Rs. 60,000 of life Insurance premium.
6. Allowable Depreciation as per income-tax Act is Rs. 90,000.
7. An unrecorded income of Rs. 1,20,000 of chemical trade is found out from the pass book.

Compute Mr. Hari's taxable business income for P.Y 2020-21.

Q.4 Mr. Kavy is a sales manager employed by parasonic limited at Bangalore. The details of his salary and other emoluments received during the previous year 2022-21 are as under: (14)

1. Basic salary Rs. 4,20,000 per annum.
2. Dearness allowance (treated as a part of salary for retirement benefits) Rs. 42,000
3. Commission on sales Rs. 1,75,000
4. House rent allowance Rs. 60,000 p.a (actual rent paid Rs.8,000 p.m);
5. Transport allowance Rs. 24,000 p.a
6. Tour (Travel) allowance Rs, 1,200 each for 5 trips (actual amount spent on each trip Rs. 1,000)
7. Tour daily allowance Rs. 250 per day for 60 days in the year (actual amount spent Rs. 9,600 in total)
8. Uniform allowance Rs. 900 p.m. (for purchase and maintenance), actual amount spent for that purpose at an average rate Rs. 750 p.m.
9. Research assistance allowance Rs. 600 p.m. (spent Rs. 9,000 during the year),
10. Children education allowance Rs. 9,000 (for 2 children)
11. Entertainment allowance Rs. 6,000 p.a

Compute his taxable salary for the assessment year 2021-22.

OR

Q.4 Shri Milan Gohel is a managing director of a Mumbai company. From the following details of Financial Year 2020-21, compute his taxable salary of A.Y. 2021-22 and investment under section 80C.

1. Basic Salary Rs. 3,50,000
2. Dearness Allowance 20% of basic salary (considered for retirement benefits)
3. Commission @ Rs. 1,250 p.m.
4. Bonus Rs. 10,000
5. Helper Allowance Rs. 12,000
6. City Compensatory Allowance Rs. 10,000
7. House Rent Allowance Rs. 84,000 Yearly (Actual rent paid Rs. 7000 per month)

8. House servant's salary paid by the employer Rs. 14,400
9. Payment made by the employer for free supply of gas- electricity provided for personal use Rs. 6250
10. Concessional lunch facility provided during office hours (Cost per dish Rs. 100 for 200 days is borne by the company) a token amount of Rs. 30 per dish is deducted from his salary.
11. The employer has provided a car (With driver), all expenses of maintenance are borne by the employee, The car is for office and private use and has 1.4 cc engine.
12. Company contribution to recognised provident fund Rs. 63,000. He has contributed to 42,000 to RPF A/c.
13. Interest credited to recognised provident fund at 10.5% Rs. 23,100.
14. Professional tax paid by employee Rs. 200 monthly.
15. His investment are as under:
    - Life insurance Premium Rs. 40,000.
    - National Saving Certificate ix Issue Rs. 45,000.
    - Fixed deposit in SBI for three years Rs. 1,00,000.

Q.5 The following Details are available regarding house property of Mr. Prishu. Date of completion of construction was 30-11-2017: (14)

1.	Rent received	10,000 p.m.
2.	Fair rent	7,500 p. m.
3.	Municipal value	72,000 p.a.
4.	Local taxes (out of which 60% paid during the year)	8,000 p.a.
5.	Repairs	4000
6.	Collection charges	1,000
7.	Interest on loan(un paid) of post construction	9,000
8.	Capitalised interest of construction period	10,000
9.	Land revenue (Annual)	4,000
10.	Ground rent (Annual)	5,500
11.	Loan repayment due but not paid	16,000
12.	Insurance premium (Annual)	2,000

The house is rented for residence purpose. The property remained vacant during March 2018. Compute the taxable income under the head 'income from House property for A.Y 2018-19.

OR

Q.5 Nrigrendra owns three houses. Find out his taxable income from house property for the A.Y. 2021-22 from the details given below:

Particulars	House No.1 Rs.	House No.2 Rs.
Usage	Let Out	Let Out
Municipal Value (Annual)	48,000	50,400
Fair Rent (Annual)	46,800	49,200
Standard Rent (Annual)	45,600	51,600
Rent receivable (Monthly)	4,500	7,500
Vacancy period	1 Month	½ Month
Local taxes paid	5%	750
Unrealised rent	9,000	7,500
Interest on loan for repairs	7,090	42,400

His resides in House No.3, of which Municipal value is Rs. 84,000. Local taxes are 6% and interest on loan for repairs is Rs. 9,200.

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