



VI Semester B.B.A. Examination, September 2020  
(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 agricultural income ?
  - Who is 'deemed to be an assessee' ?
  - Define the term 'income'.
  - Define 'Annual value' of a house property.
  - What is a 'profession' ?
  - What are bond washing transactions ?
  - What is casual income ? State an example.

SECTION – B

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

- Briefly discuss the Canons of Taxation.
- Mr. Omer comes to India from Egypt for the first time on 1-10-2017 and joined a company on a monthly salary of Rs. 40,000. On 15-10-2017, he has also started his own business and earns Rs. 25,000 p.m. Determine his residential status for the A.Y. 2019-20.



4. Mr. Kishen is drawing a monthly salary of Rs. 45,000 and D.A. @10% of salary. He is also getting entertainment allowance of Rs. 2,000 p.m. But, he has actually spent Rs. 10,000 on the company's customers entertainment. He is also provided a facility of small car for his personal and official use, all the expenses of the car are borne by the company. He is also provided with a rent free house owned by the company at Mysuru; the FRV of the house is Rs. 20,000 p.m.

Compute his Taxable Salary for the A.Y. 2019-20.

5. Miss Savithri is the owner of a house and its details are as follows :

	Rs.
Actual Rent (p.m.)	15,750
Municipal value (p.a.)	1,50,000
Fair Rental value (p.a.)	1,95,000
Standard Rent	1,65,000
Municipal Tax paid by Tenant	3,000
Municipal Tax outstanding	4,000
Unrealised Rent	one month's
Vacancy period	one month

Compute income from House Property of Miss. Savithri for the A. Y. 2019-20.

6. Mr. Rao (Resident) is an employed of Karnataka State Government since 2009. He submits the following details of his income and expenditure for the P.Y. 2018-19.

	Rs.
a) Income from salary (Net)	7,50,000
b) Rent received from house property	60,000
c) Income from other sources (computed)	1,40,000



d) Own contribution to NPS	50,000
e) Employer's contribution to NPS	50,000
f) Health insurance premium paid	15,000

Compute his Total Income for the A. Y. 2019-20.

SECTION – C

Answer any 3 questions. Each question carries 14 marks.

(3×14=42)

7. Following are the particulars of income of Mr. Rayan for the previous year 2018-19 :

- a) Income from agriculture in Shivamogga Rs. 45,000 but Rs. 25,000 received in Chennai.
- b) Income from business in Sri Lanka, controlled from Chennai Rs. 75,000.
- c) Income from house property in Bengaluru Rs. 90,000.
- d) Income from business in Singapur; the business is controlled from Shivamogga Rs. 1,00,000.  
(But Rs. 45,000 is received in Bengaluru)
- e) Share of profit from partnership firm in Mumbai Rs. 18,000.
- f) Income from business in Mumbai but received in Australia Rs. 35,000.
- g) Profit from business in London controlled from India Rs. 50,000 ( $\frac{1}{2}$  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, deposited by the tenant in a foreign branch of Indian Bank located in Nepal Rs. 18,000.
- j) Profit on sale of plant at Kolkata Rs. 80,000 (50% received in Bangladesh).



Compute his GTI for the A.Y. 2019-20 if he is

- a) A Resident,
- b) A not ordinarily resident and
- c) A non-resident.

8. Mr. Sajjan Kumar, a General Manager in a Company in Delhi, provides you the details of his income during the P.Y. 2018-19. Compute his income from salary taxable for the A. Y. 2019-20 :

- a) Basic salary Rs. 50,000 p.m.
- b) D.A. Rs. 25,000 p.m.
- c) Medical Allowance Rs. 1,500 p.m. (but he spends Rs. 1,200 p.m.)
- d) He has been residing in a furnished house provided by the company. The annual fair rental value of the house is Rs. 1,80,000. The company has also provided the facility of a refrigerator, A.C. and furniture at the house costing Rs. 2,50,000.
- e) He is also been provided the services of a cook, a sweeper and a watchman on a monthly salary of Rs. 1,800 each paid by the company.
- f) He contributes 15% of his salary towards RPF and company also contributes the same to the fund.
- g) Interest on RPF Rs. 5,800 credited @ 14% p.a.
- h) He has paid Rs. 600 as professional tax during the P.Y.

9. From the below given information, determine income from salary of Shri Abdul Taxable for the A.Y. 2019-20.

- a) Basic salary Rs. 30,000 p.m.
- b) D.A. @60% of basic salary (Forming part of salary).
- c) Bonus – Two months basic salary.



- d) Commission p.a. Rs. 15,000.
- e) Medical allowance Rs. 750 p.m.
- f) Children education allowance Rs. 600 p.m. for his two children and also hostel allowance of Rs. 1,000 p.m. for both of them.
- g) He gets HRA Rs. 12,000 p.m. but he pays a monthly rent of the house in Bengaluru Rs. 11,000.
- h) He is entitled to utilise a car less than 1.6 litre capacity provided by the company for his both official and personal use. All the expenses of the car are borne by the employer.
- i) He contributes 15% of his salary to SPF and the company also contributes the same to the fund.
- j) Interest credited to SPF @ 11% p.a. Rs. 11,000.

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

Particulars	House A	House B	House C
	Rs.	Rs.	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
Usage nature	Let out for Residence	Let out for Business	Self-occupied
Rent received (p.m.)	19,000	22,000	—
Municipal taxes paid :			
a) for the year 2017-18	10,000	10,600	—
b) for the year 2018-19	16,000	17,200	6,000



Repair expenses	16,000	10,000	8,000
Unrealised rent during the year 2018-19	One month's	One month's	
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. 2019-20.

11. Mr. Abraham, a business man provides you his Profit and Loss A/c for the year ended 31-3-2019.

Particulars	Rs.	Particulars	Rs.
To Staff salaries	52,000	By Gross Profit	2,75,500
To Advertisements	34,000	By Rental income	
To Interest on Capital	15,000	from house property	1,45,000
To House hold expenses	65,000	By Winnings from	
To Reserve for Bad debts	8,500	.Lottery (Net)	85,000
To Income Tax paid	38,000	By Dividends from	
To Municipal Tax on		VR India Ltd. (gross)	32,000
house property	35,000	By Interest on debentures	1,90,000
To Repairs to house		By Bad debts recovered	
property	12,000	(fully allowed earlier)	15,200
To Insurance premium			
on own life	18,000		



To Fire insurance premium (Rs. 8,000 for house property)	25,000	
To Bad debts written off	8,000	
To General expenses	45,000	
To Net profit	3,87,200	
	<b>7,42,700</b>	<b>7,42,700</b>

**Other information :**

- 1) He owns a big house 25% portion is used for this business.
- 2) General expenses include Rs. 12,000 spent on the birthday of his wife.

Compute Taxable Income from Business for the A.Y. 2019-20.

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