



V Semester B.B.A. Examination, February/March 2024  
(NEP Scheme) (Freshers)

**BUSINESS ADMINISTRATION**

**Income Tax – I**

Time : 2½ Hours

Max. Marks : 60

**Instruction :** Answers should be written **completely in English.**

**SECTION – A**

1. Answer **any five** sub-questions, **each** sub-question carries **2** marks. **(5×2=10)**

- Write the meaning of agriculture income.
- Write any two exemptions under Section 10 of Income Tax Act.
- Who is an ordinary resident of India ?
- Expand ITAT and CIT.
- What do you mean by Gratuity ?
- Write any two deduction available under Section 16 of Income Tax Act.
- What is Pre-construction interest ?



**SECTION – B**

Answer **any three** questions, **each** question carries **4** marks. **(3×4=12)**

- Miss. Nayana an employee of PQR Co. Ltd., Malur, has left India for the first time on 10<sup>th</sup> July 2022 for higher education in USA. Calculate her residential status for the AY 2023 – 24.
- Discuss whether the following are agricultural income or not with reasons.
  - Income from conversion of sugarcane into jaggery by the farmer himself.
  - Income from agricultural land situated in urban area.
  - Remuneration received as manager of an agricultural farm house.
  - Income derived from sale of seeds.



4. State the procedure for applying PAN.
5. Mr. Sumanth (resident) is employed at a basic salary of ₹ 6,200 p.m. He is also getting Dearness Allowance of ₹ 2,800 p.m. and ₹ 5,000 as bonus. On 30/5/2022, he retired from his service. He had service of 29 years and 5 months. He received ₹ 2,00,000 as gratuity under the Payment of Gratuity Act.  
Compute his taxable gratuity for the assessment year 2023-24. (Employee covered under Gratuity Act, 1972).
6. Calculate Net Annual Value from the following details.  
Municipal Value Rs. 2,40,000; Fair rental value Rs. 2,60,000; Standard rent Rs. 2,20,000; Annual rent Rs. 2,00,000; Unrealized rent is Rs. 20,000; Municipal taxes paid is Rs. 10,000.

### SECTION – C

Answer **any three** questions, **each** question carries **10** marks. **(3×10=30)**

7. From the following particulars of Mr. Krishnamurthy, compute his gross total income for the A.Y. 2023-24. If he is : a) Resident b) Not ordinary resident and c) Non-resident.
  - Profit from business in Chennai ₹ 50,000
  - Income from agriculture in Karnataka ₹ 1,90,000
  - Income from property in Mexico received there ₹ 2,00,000
  - Interest on Singapore Development bonds ₹ 1,50,000 (1/3 received in India)
  - Income from business in Kuwait controlled from Mumbai ₹ 85,000 (₹ 35,000 received in India)
  - Dividend from domestic company ₹ 1,000
  - Profit on sale of building in Bangalore received in Nepal ₹ 50,000
  - Income from house property in Kolar received in USA ₹ 6,50,000
  - Royalty received in India for the services rendered in Japan ₹ 6,00,000
  - Rent from house property in Nepal received there ₹ 20,000
8. Mr. Ajay is working in a private company Chennai. He gives the following information for the previous year 2022-23.
  - a) Basic Salary ₹ 20,000 p.m.
  - b) Dearness Allowance 12,000 p.m. (forming part of salary)





- c) City compensatory allowance ₹ 500 p.m.
- d) Education Allowance for two children at 200 p.m. per child.
- e) Entertainment Allowance ₹ 1,000 p.m.
- f) House rent allowance ₹ 3,200 p.m. But he pays ₹ 6,000 p.m. as actual rent.
- g) Conveyance allowance of ₹ 12,000 p.a. for visiting the branches (80% spent for official purpose).
- h) Company has paid his income tax of ₹ 8,000 during the P.Y.
  - i) He and company contribute 14% of salary towards R.P.F.
  - j) Interest on R.P.F. was ₹ 12,000 at 12% p.a.

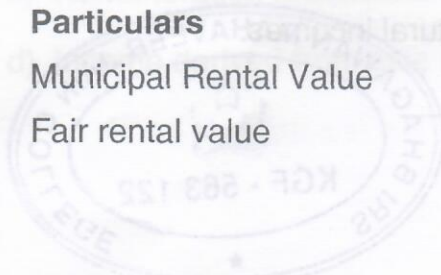
Compute his taxable income from salary for the A.Y. 2023-24.

9. Mr. Pranesh, a sales manager of ABC Ltd., Kolkata has furnished the following details of his income for the year ended 31-03-2023. Compute his taxable income from salary for the A. Y. 2023-24.

- a) Basic Salary ₹ 40,000 per month
- b) Dearness Allowance ₹ 12,000 per month (forming part of salary)
- c) Bonus equal to 3 months of basic salary
- d) Entertainment Allowance ₹ 1,500 per month (amount spent for official duties is ₹ 12,000)
- e) Children Hostel Allowance for his three children ₹ 400 per month per child
- f) Reimbursement of medical Bills 10,000 for the treatment taken in private nursing home
- g) He is provided Rent Free furnished accommodation for which the company paid rent of ₹ 5,000 p.m. The cost of furniture provided is ₹ 1,00,000
- h) Free telephone is provided at his residence at a cost of ₹ 6,000
  - i) Medical insurance of Mr. Pranesh paid by the company ₹ 600 per month
  - j) Professional Tax paid by Mr. Pranesh is ₹ 200 p.m.

10. Mr. Paramesh is the owner of two houses, compute his income from house property for the A.Y. 2023-24.

Particulars	House – 1 (LOP)	House – 2 (LOP)
Municipal Rental Value	3,60,000	4,80,000
Fair rental value	3,84,000	5,28,000





Standard Rent	3,72,000	5,04,000
Actual Rent	4,08,000	5,40,000
Municipal Taxes	10% of MRV	10% of MRV
Repair charges	10,000	20,000
Collection charges	2,000	4,000
Fire Insurance premium	4,000	6,000
Interest on loan taken for construction	24,000	30,000

(For the P.Y. 2022-23)

The house is remained vacant for 2 months in respect of House – 2.

11. Mr. Arun is the owner of 2 houses in Bangalore, the particulars of which are given below.

Particulars	House – A (LOP)	House – B (LOP)
Municipal value	30,000	40,000
Fair Rent	36,000	30,000
Let-out (per month)	4,000	3,000
Construction completed	1/4/2020	1/6/2020
Repairs	–	5,000
Municipal tax paid by owner	3,000	–
Municipal tax due	–	4,000
Vacancy period	2 months	–

Arun took a loan of 3,00,000, @ 8.5% p.a. for construction of House B, date of borrowing loan is 01-07-2017. Compute taxable income from house property for the AY 2023-24.

#### SECTION – D

Answer **any one** of the following questions, question carries **8** marks. (1×8=8)

12. Compute taxable income from salary with imaginary figures (minimum 8 items).
13. Write any four agricultural and four Non-agricultural incomes.

