

**VI Semester B.B.A. Examination, Sept./Oct. 2022**  
**(CBCS) (F+R) (2016-17 Onwards)**  
**BUSINESS ADMINISTRATION**  
**Paper – 6.3 : Income Tax**

Time : 3 Hours

Max. Marks : 70

**Instruction :** Answer should be written in **English** only.

**SECTION – A**

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

- a) What is agricultural income ?
- b) Who is deemed to be an assessee ?
- c) What do you mean by exempted income U/S 10 of the IT Act ? Give an example.
- d) Define salary.
- e) What is vacancy period rent ?
- f) What is a profession ?
- g) What is capital gain ?



**SECTION – B**

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

2. Mr. Tom cruise a foreign national and a person of Indian origin comes to India for the first time on 22<sup>nd</sup> August 2016 and left for Tokyo on 5<sup>th</sup> May 2019. He once again arrived in India on 26<sup>th</sup> January 2021 and left for Australia on 30<sup>th</sup> March 2021. Determine his residential status for the assessment year 2021-22.

P.T.O.



3. Mr. Arun Kumar is working as a Marketing Manager in a company in Mumbai. Particulars of his salary for the A. Y. 2021-22 are as follows :

Basic Salary ₹ 50,000 p.m.

D.A. ₹ 20,000 p.m.

Bonus 20% of Basic salary.

Entertainment Allowance ₹ 5,000 p.m.

Medical allowance ₹ 2,000 p.m.

He is also provided with a rent free house owned by the company. The FRV of the house is ₹ 20,000 p.m.

Compute his taxable salary for the A. Y. 2021-22.

4. Mr. Sudeep is the owner of a house and its details are as follows :

Municipal value	₹ 1,00,000
Fair rental value	₹ 1,20,000
Standard rent	₹ 80,000
Actual rent (p.m.)	₹ 12,000
Unrealised rent	₹ 6,000
Vacancy period	1 month
Municipal tax paid	10% of municipal value

Compute income from house property of Mr. Sudeep for the A.Y. 2021-22.

5. The net profit of Mr. Ramesh as per his Profit/Loss A/c for the year ended 31<sup>st</sup> March 2021 after charging the following item was ₹ 72,000.

a) Provision for depreciation ₹ 31,000

b) Household expenses ₹ 48,000

c) Donation ₹ 70,000



- d) Reserve for bad debts ₹ 5,000
- e) Income tax ₹ 6,000
- f) Office expenses ₹ 5,000
- g) Audit fees ₹ 25,000 paid in cash.

Compute income from business for the A.Y. 2021-22.

6. From the following information, compute the taxable income for the A.Y. 2021-22.

- a) Income from salary (computed) ₹ 2,40,000
- b) Income from business ₹ 1,00,000
- c) Long term capital gain ₹ 50,000
- d) Interest on govt. securities ₹ 30,000
- e) He has paid ₹ 15,000 for medical insurance premium.
- f) Donation to PM's National Relief Fund ₹ 5,000.

SECTION – C

Answer any 3 questions. Each carries 14 marks :

(3×14=42)

7. Following are the incomes of Mr. John for the financial year 2020-21, calculate taxable income.

- a) Interest on German development bonds ₹ 60,000 (2/5<sup>th</sup> is received in India)
- b) Income from business Kenya which is controlled from Bengaluru (₹ 18,000 received in Bengaluru ₹ 78,000)
- c) Dividend paid by an Indian company received in Canada ₹ 56,000
- d) Past untaxed profit brought into India ₹ 1,00,000
- e) Profit on sale of plant at London ₹ 50,000 (50% received in India)



- f) Income from property in Mexico received there ₹ 2,00,000
- g) Income from agriculture in Punjab ₹ 1,00,000
- h) Interest on post office savings Bank A/c ₹ 2,000
- i) Salary received in India for services rendered in Srilanka ₹ 1,50,000
- j) Income accrued in Bengaluru but received in Singapore ₹ 60,000
- k) Share of income from HUF ₹ 2,00,000

8. Mr. Yash is an employee of State Bank of India Bengaluru and he submits the following information relevant for the A.Y. 2021-22. Compute his taxable income from salary.

- a) Basic salary ₹ 8,000 per month
- b) Dearness allowance ₹ 1,500 per month (does not form part of salary)
- c) City compensatory allowance ₹ 300 per month.
- d) Bonus ₹ 10,000 per annum.
- e) Conveyance allowance ₹ 2,000 per month (60% spent for office duties)
- f) House rent allowance ₹ 5,000 per month (Rent paid by employee ₹ 7,000 per month)
- g) Payment of LIC premium by SBI ₹ 4,000 per annum.
- h) Services of sweeper paid by SBI ₹ 200 per month.
  - i) Leave travel concession ₹ 5,000 (first time in current block period)
  - j) Reimbursement of gas, electricity and water bill by the SBI ₹ 2,500 per annum.
- k) RPF contribution by the bank and own contribution of employee 14% of salary.
  - l) Interest credited to RPF at 14% ₹ 14,000
- m) Professional tax paid by Yash ₹ 5,000.



9. Mr. Amar is Sales Executive of XYZ Ltd. Chennai has furnished the following details of his income for the year ended 31<sup>st</sup> March 2021. Compute his taxable income from salary for the A. Y. 2021-22.

- a) Basic salary ₹ 15,000 p.m.
- b) Dearness allowance ₹ 5,000 p.m. (forming part of salary)
- c) Commission is 2% on sales. During the previous year sales target reached by him is ₹ 4,00,000.
- d) Bonus equal to 2 months Basic salary.
- e) Entertainment allowance ₹ 2,500 per month (amount spent ₹ 12,000).
- f) Children hostel allowance for his three children ₹ 400 per month per child.
- g) Reimbursement of medical bills ₹ 22,000 for the treatment taken in private nursing home.
- h) He is provided rent free furnished accommodation owned by the company. Cost of furniture ₹ 1,00,000 FRV of that accommodation is ₹ 7,500 per month.
- i) Free Telephone at his residence ₹ 3,500.
- j) Mediclaim insurance of Mr. Amar paid by the company ₹ 4,000 p.a.
- k) Employment tax paid by the company ₹ 200 p.m.
- l) LIC insurance premium paid by the company ₹ 1,500 per annum on behalf of Mr. Amar.

10. Sri Lakshmi resident is the owner of 3 houses. The following are the particulars of her property for the year ending 31<sup>st</sup> March 2021.

Particulars	House 1	House 2	House 3
Year of construction	2012	2014	2016
Purpose of use	Let out to bank	Self occupied	Let out to residence



Actual rent received per annum (₹)	60,000	—	48,000
Municipal valuation (₹)	52,000	38,000	65,000
Municipal tax paid by Sri Lakshmi (₹)	2,000	1,500	1,500
Municipal tax paid by tenant (₹)	1,500	1,000	—
Fire insurance premium (₹)	3,000	2,000	2,500
Interest on loan taken for renewal of the house (₹)	—	10,000	15,000

Compute taxable income from the house property of Sri Lakshmi for the Assessment year 2021-22.

11. From the following particulars, compute the business income of Miss. Usha for the A.Y. 2021-22.

Particulars	₹	Particulars	₹
Salaries	90,000	Gross profit b/d	4,00,000
Rent and Taxes	40,000	Dividend	4,000
Service charges	14,000	Bad debts recovered	
Legal Expenses	5,000	(allowed earlier)	4,400
Reserve for Income tax	6,000	Interest from Post office SB A/c	1,200
Depreciation	12,000		
Expenses on acquisition of patent rights	66,000		
Office Expenses	42,000		
Contribution to RPF	12,000		





Bad debts	4,500	
Donation to NDF	12,500	
Net profit	1,05,600	
	<b>4,09,600</b>	<b>4,09,600</b>

**Additional information :**

- a) Legal expenses include ₹ 2,000 incurred by the assessee for defending a case for damages for breach of contract which was decided in favour of the assessee.
- b) Depreciation of the year on assets other than patent right is ₹ 16,900.
- c) Contribution to RPF due on 31<sup>st</sup> March 2021 ₹ 2,000.

**SECTION - B**



2. Mr. Tom, a foreign national and a person of Indian origin comes to India for the first time on 12<sup>th</sup> August 2018 and left for Tokyo on 5<sup>th</sup> May 2019. He once again arrived in India on 26<sup>th</sup> January 2021 and left for Australia on 30<sup>th</sup> March 2021. Determine his residential status for the assessment year 2021-22.