



B.Com. (Semester – V) Examination, October 2015
Accounting Major – 2 : INCOME TAX, SERVICE TAX AND GOA VALUE
ADDED TAX – I
(New Course)

Duration : 2 Hours

Max. Marks : 80

- Instructions:** i) Question No. 1 is **compulsory**.
ii) Answer **any 3** questions from the **remaining** questions.
iii) Show important **working notes** as **fair** work.
iv) Figures to the **right** indicate marks **allotted**.

1. A) The following are the income of 'Mr. Jayant', for the previous year ended on March 31, 2015 :

	Rs.
i) Interest on Nepal Development Bonds (1/3 rd of which is received in India)	21,000
ii) Rent from the property in Japan, received in India	10,000
iii) Income earned from business in London, controlled from Delhi (Rs. 15,000 received in India)	35,000
iv) Past untaxed profit brought to India	33,000

Compute his Gross Total Income for the Assessment Year 2015-16, if he is :

- i) Resident but Not Ordinarily Resident in India
ii) Non Resident in India.

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- B) 'Ms. Komal', an executive of BSNL, in Goa, provides the following particulars for the Assessment Year 2015-16 :

Basic Salary Rs. 60,000 per month

Dearness Allowance Rs. 36,000 per month

House Rent Allowance Rs. 20,000 per month

She paid rent of Rs. 16,000 per month for a house at Tivim, Goa from April 1, 2014 to December 31, 2014. Thereafter, she started staying in her own new Bungalow.

Dearness Allowance forms part of salary for calculating all retirement benefits.

Compute the amount of her taxable House Rent Allowance.

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- C) 'Mr. Motilal', provides details relating to his Plant and Machinery Account (one 'block' of assets), for the previous year 2014-15.

	Rs.
W.D.V. of the block as on 01-04-2014, which is entitled to depreciation @ 25%	2,50,000
Purchase and installation of a machinery on 12-05-2014	80,000
Purchase and installation of additional machinery on 24-11-2014	1,25,000
Sale of an old machinery on 19-03-2015	30,000
Calculate the amount of depreciation admissible for the block for the Assessment Year 2015-16.	

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- D) 'M/s. Divya & Sonam', is a new service agency set up in India, during the financial year 2015-16. Following are the dates of billing or receipt and the gross amount charged by them for services rendered to different clients till September 30, 2015.

Date of Billing/Receipt	Name of the Clients	Amount (Rs.)
08-04-2015	Abdul Ltd.	3,00,000
15-05-2015	Sarvesh Traders	5,00,000
20-06-2015	World Health Organization (WHO)	40,000
22-06-2015	Ganpati Industries Ltd.	1,25,000
10-07-2015	International Labour Organization (ILO)	2,70,000
30-08-2015	Happy-Lucky Pvt. Ltd.	75,000
20-09-2015	Bank of India	1,50,000
30-09-2015	Sarvesh Traders	1,00,000

Determine the dates as to when 'M/s. Divya & Sonam', would become due for registration and due for payment of service tax. Also, ascertain the Aggregate Value of Taxable Services till September 30, 2015.

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2. 'Mr. Datta', is employed with Technotech Pvt. Ltd., Goa. He provides the following particulars of his income for the year ending March 31, 2015.

	Rs.
Salary (Net, after deduction of Income Tax at source and Professional Tax at source)	9,000 p.m.
Income tax deducted at source	900 p.m.
Professional tax deducted at source	200 p.m.
Entertainment Allowance received	750 p.m.



Perquisite value of gas, electricity and water supplied by his employer for domestic use	10,000
Bonus in respect of previous year 2013-14 received on 01-01-2015	6,000
Arrears of salary	6,000
Life Insurance Premium of the assessee paid by the employer	5,000
Advance salary on account of marriage of brother	6,000
Conveyance Allowance (75% is spent on official work)	1,000 p.m.
Children Education Allowance (@ Rs. 75 p.m. for 3 children)	2,700
Contribution of employer to Recognised Provident Fund	13% of Salary
Interest credited to the above Recognised Provident Fund A/c @ 8.5% p.a.	20,000
House Rent Allowance	20% of Salary
Compute his income from salaries for the Assessment Year 2015-16.	20

3. 'Mrs. Darshana Salatri', provides the following Profit and Loss Account for her proprietary business for the year ending March 31, 2015 :

Particulars	Rs.	Particulars	Rs.
To Opening stock	55,000	By Sales	55,00,000
To Purchases	41,47,000	By Closing stock	90,000
To Freight	40,450	By Income Tax refund	10,000
To Salaries	1,15,000	By VAT refund	14,000
To Telephone expenses	60,400	By Interest on Bank deposits (Personal)	10,000
To Drawings	5,000	By Agricultural Income	60,000
To Discount	30,450	By Interest on securities	4,000
To Computer stationery	30,200	By Dividend from Indian Companies	62,000
To Sundry expenses	10,800		
To Donations	5,000		
To Audit Fees	47,600		
To Motor Car expenses	40,000		
To VAT paid	32,400		
To Advance Income Tax	8,000		
To Reserve for Doubtful Debts	10,700		
To Depreciation on fixed assets (@ 25%)	50,000		
To Net profit	10,62,000		
	57,50,000		57,50,000

**Additional information :**

- a) Closing stock as on 31-03-2016 has been valued at 10% below cost
- b) Purchases includes a bill of Rs. 50,000 paid in cash to the supplier
- c) Salaries include Rs. 5,000 paid for meeting personal expenses of the employees
- d) 50% of Telephone Charges were for personal purpose
- e) Computer stationery includes Rs. 10,000 for purchase of a Printer on 01-05-2014
- f) 75% of Motor car expenses are related to business
- g) Depreciation is admissible @ 20% on all assets

Compute taxable Profit from Business for the Assessment Year 2015-16.

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4. Answer in short **any four** of the following in relation to the Income Tax Act :

(5×4=20)

- a) Definition of 'Person'.
- b) Definition of 'Assessee'.
- c) Provisions of Section 5A.
- d) Exemption for Compensation received at the time of Voluntary Retirement.
- e) Exemption available for Educational Scholarships.

5. Answer in short **any four** of the following in relation to the Income Tax Act :

(5×4=20)

- a) Definition of 'Company'.
- b) Provisions relating to residential status of Hindu Undivided Family (H.U.F.).
- c) Exemption for Gratuity received by a Non-Government employee not covered by the Payment of Gratuity Act, 1972.
- d) Perquisites u/s 17(2).
- e) Provisions of Section 44 AE.

6. a) Answer the following in relation to the Income Tax Act 1961 :

i) Salary u/s 17(1).

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ii) Deduction of interest on borrowed capital u/s 36 (1) (iii).

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- b) Answer the following in relation to Service Tax :

i) Interest for late payment of Service Tax.

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ii) Furnishing of Service Tax Returns.

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