

INCOME TAX (DIRECT TAX) CC13

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CARMEL COLLEGE OF ARTS, SCIENCE & COMMERCE FOR WOMEN,
SEMESTER END EXAMINATION, APRIL 2019

Semester: IV Subject and Sub Code: INCOME TAX (DIRECT TAX) CC13
Total marks:80 Date: 18/4/2019 Duration: 2 HOURS

- Instructions :
- Question No. 1 is compulsory.
 - Answer any 3 questions from the remaining questions.
 - Show important working notes as fair work.
 - Figures to the right indicate marks allotted.
 - All short notes to be answered with reference to Income Tax Act, 1961.

Q 1. A] Following particulars of Income of Mr. Chhole for the A.Y. 2018-19 are [5]
given below:

- Profits from business at Germany controlled from France Rs. 35,000.
- Income earned in India but received in France Rs. 60,000.
- Income from House Property in Iraq received in India Rs. 18,000.
- Dividend on shares of Indian company received abroad Rs. 50,000.

Calculate his Total Taxable Income if he is:

- Resident but not ordinarily resident
- Non-resident.

B] Mr. Bhatara, received the following allowances during A.Y. 2018-19. [5]

- Transport allowance Rs. 1,800 p.m. (spent Rs. 1,700 p.m.).
- Uniform allowance Rs. 30,000 (utilised Rs. 28,000).

Compute his total taxable allowances.

C] Mr. Bhakkam is a resident retail trader in Delhi. He gives you the [5]
following particulars for A.Y. 2018-19.

Sale from retail trade	-	Rs.	2,00,00,000
Cost of goods sold	-	Rs.	1,06,00,000
Depreciation	-	Rs.	35,00,000
Other business expenses	-	Rs.	3,20,000
Income from other sources	-	Rs.	10,000
Contribution to PPF A/c	-	Rs.	30,000

Calculate his taxable income u/s 44AD.

D] Mr. Peddha, a resident in India, 37 years of age, paid by cheque during [5]
the financial year 2017-18, insurance premium of Rs. 8,000 on his own
health and Rs. 6,000 for his dependent sister, Rs 32,000 on the health of
his independent father, aged 62 years of age. He also paid Rs. 6,000 by
cash on preventive health check up of his spouse.

Compute the amount of deduction u/s 80 D for A.Y. 2018-19.

Q 2. Mr. Shrikhand (42 years) who is an employee of a company at Panaji, Goa, [20] furnishes the following particulars of his income:

- i) Basic salary Rs. 30,000 p.m.
- ii) Dearness Allowance Rs. 5,000 p.m.
- iii) Bonus Rs. 1,00,000 p.a.
- iv) Commission fixed Rs. 25,000.
- v) Employee's contribution to recognized provident fund Rs. 50,000 to which the employer contributes a matching sum.
- vi) Children Education Allowance @ Rs. 150 p.m. per child for 2 children.
- vii) Profession tax paid by the employer Rs. 200 p.m.
- vi) Entertainment allowance Rs. 600 p.m.
- vii) Perquisite value of rent free accommodation was Rs. 18,820.

His investments and expenses during the year were:

Payment of LIC premium on own life Rs. 3,600 and on the life of his wife Rs. 2,500.

Donation to National Blood Transfusion Council Rs. 6,000.

Mediclaim insurance premium on his dependent father Rs. 2,000.

Compute his taxable income and tax liability for the A.Y. 2018-19.

Q 3. Mrs. Poori, (aged 66 Years) provides the following Profit and Loss Account for her proprietary business for the year ending 31st March, 2018: [20]

Particulars	Amount (Rs)	Particulars	Amount (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 Agricultural Income	64,000
To Salaries	1,15,000	Dividend from Indian Companies	15,000
To Telephone expenses	60,400		
To Drawings	5,000		
To Discount	30,450		
To Advertisement Expenses	30,200		
To Sundry expenses	10,800		
To Donations	5,000		
To Audit Fees	47,600		
To Motor Car expenses	40,000		
To GST paid	32,400		
To Advance Income Tax	8,000		
To Diwali Expenses	9,200		
To Reserve for Doubtful Debts	10,700		
To Depreciation on fixed assets	50,000		
To Net Profit	9,71,800		
	56,69,000		56,69,000

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Additional information:

1. Closing stock as on 31-03-2018 has been valued at 10% below cost.
 2. Purchases include a bill of Rs. 20,000 paid in cash to the supplier.
 3. Diwali expenses include Rs. 2,500 spent to purchase a bicycle for her grandson.
 4. Advertisement includes an advertisement of Rs. 2,500 in a political party's brochure.
 5. Depreciation allowable as per Income Tax Rules Rs. 58,650.
 6. Half of telephone charges are related to business.
 7. Donations were paid to Swachh Bharat Kosh.
 8. She deposited Rs. 1,60,000 fixed deposit under tax saving scheme.
- Compute her taxable income and tax liability for the A.Y. 2018-19.

- Q 4. Answer in short **ANY FOUR** of the following: [4 x 5 = 20]
- a. Explain 'Gross Total Income'.
 - b. Provisions for determining the residential status of a Company.
 - c. Salary u/s 17(1).
 - d. Presumptive income u/s 44AE.
 - e. Rebate u/s 87A.

- Q 5. Answer in short **ANY FOUR** of the following: [4 x 5 = 20]
- a. Explain 'Permanent Account Number'.
 - b. Provisions relating to reimbursement of medical expenses or medical facilities provided by the employer.
 - c. Profits in lieu of Salary u/s 17(3).
 - d. Deduction in respect of rent, rates, taxes, repairs and insurance of building u/s 30.
 - e. Deduction u/s 80TTA.

- Q 6. Answer in short **ANY FOUR** of the following: [4 x 5 = 20]
- a. Leave Travel Concession u/s 10(5).
 - b. Deduction for Entertainment Allowance u/s 16(ii).
 - c. Excessive or unreasonable expenditure u/s 40A(2).
 - d. Deduction u/s 80E.
 - e. Computation of tax liability in case of very senior citizens.

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