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V SEMESTER BBA EXAMINATION – MARCH / APRIL – 2022

SCHEME – SEMESTER – CBCS

067

TAX MANAGEMENT - I

Time: 03 Hours

Max Marks: 80

Instructions to Candidates: Answer all parts.

PART – A

Answer any TWO of the following. Each Question carries 15 Marks:  $15 \times 2 = 30$

1. Mr. 'A' is an employee of private Ltd Co in Bangalore. He furnished the following particulars for the previous year 2020-21. Compute his taxable Income from salary for the A Y 2021-22.
  - a. Basic pay ₹ 20,000 / month
  - b. DA (Half enter to benefit) ₹ 10,000/ month.
  - c. Dearness pay 5000/ month
  - d. HRA 5000/month (He lived in a own house)
  - e. Entertainment allowance 1% of Basic pay
  - f. Children education allowance 7,400
  - g. Children hostel allowance 12,200
  - h. Re-imburement of medical expenses 25,000 (treatment was done in Private Hospital)
  - i. The Company Paid IT of ₹ 20,000, profferional tax of ₹ 5,000, LIC premium of ₹ 25,000 on behalf of Mr. A
  - j. He appointed a sweeper, Gardner, Watchmen & Cook whose salary of ₹ 10,000 each paid by the Company.
  - k. He used his motor car exclusively for private purpose and the car expenses ₹20,000 is paid by the Company.
2. The following are the particulars of the assets of Mr. Narayan on 1.4.2020.

Building	Actual Cost (₹)	W.D.V on 1.4.2020 (₹)	Rate
A	10,50,000	8,00,000	5%
B	6,00,000	3,00,000	5%
C	14,00,000	10,00,000	10%

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**Plant and Machinery**

	Actual Cost (₹)	W.D.V on 1.4.2020 (₹)	Rate
X	2,00,000	1,40,000	15%
Y	7,00,000	2,00,000	30%
Z	10,000	7,000	15%

The assessee acquires and put to use the following assets during the year

Building	Actual Cost (₹)	Date of Purchase	Rate
D	5,00,000	17.8.2020	5%
E	10,00,000	15.9.2020	10%

**Plant and Machinery**

	Actual Cost (₹)	Date of Purchase	Rate
P	8,60,000	30.6.2020	15%
Q	1,00,000	10.7.2020	30%

The assessee sells the following assets during the previous year

Building	Date of Sale	Net Sale Proceed (₹)
B	1.11.2020	3,50,000

**Plant and Machinery**

X	31/1/2021	20,000
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Compute the WDV and the amount of depreciation allowable for the AY 2021-22.

3. From the following P & L Account of Mrs. Bhanu ascertain her taxable Income from Business for the year ended 31.3.2022.

Particulars	Amount	Particulars	Amount
To Salary	45,000	By G/P	1,22,000
“ General expenses	5,000	“ Bad debts recovered	2,000
“ Advertisement	14,000	“ Rent	3,000
“ Int. on Capital	2,000	“ Int. on Post Office	
“ Int. on Loan	2,500	Savings Bank A/c	500
“ Loss of theft	2,000	“ Profit on Sale of shares	1,00,000
“ Provision for Bad debts	2,000	“ Int. on refund of	
“ Insurance on H P	100	Advance tax	500
“ Depreciation	4,000		
“ Reserve for Sales Tax	5,000		

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“ Contingency reserve	5,000	
“ Advance Income tax	2,000	
“ Donation	500	
“ Subscription to political Party	500	
“ Local tax on house	500	
“ Car expenses	1,000	
“ Wealth tax	3,500	
“ Income tax	4,000	
“ Stationary	1,900	
“ Net Profit	1,27,500	
	2,28,000	2,28,000

Additional Information:

1. Salary includes ₹500 per month drawn by proprietor.
  2. General expenses includes ₹ 300 given as charity.
  3. Depreciation is in excess by 1500
  4. Car expenses include ₹ 400 for personal purpose.
  5. Mrs. Bhanu does not deal in shares.
  6. Included in advertising a sum of ₹ 4,000 expended on a special advertising campaign undertaken in respect of a new shop opened at Delhi.
4. Explain the following terms:
- a) Assessment year
  - b) Assessee
  - c) Previous year
  - d) Income
  - e) Person

**PART – B**

Answer any **THREE** of the following. Each Question carries 10 Marks:  $10 \times 3 = 30$

5. How do you determine the residential status of an individual

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6. Compute Income from House Property for the AY 2021-22 from the following particulars.

Particulars	House 1	House 2	House 3
	LOP	LOP	SOP
Actual rent for 12 months	12,000	18,000	-
Standard rent	10,000	20,000	-
Municipal Value	9,000	18,000	35,000
<u>Total Municipal Tax</u>	1,200	1,800	3,500
Municipal tax paid by owner	1,200	900	-
Municipal tax paid by Tenant	-	900	3,500
Vacancy period	3 months	-	-
Repairs	1,000	1,000	1,000
Interest on loan for construction	2,000	3,000	10,000
Interest on loan took for son's medical treatment	5,000	-	-
Unrealised rent allowed in the AY 2021-22 recovered during the year from the I house ₹ 4000.			

7. Define exempted Income. Mention at least 10 examples Under Sec. 10.
8. Compute the total Income of Mr. Pradeep for the AY 2021-22 if he is  
 a. Resident b. Not ordinary Resident c. Non Resident  
 i) Pension received in India for services rendered in England ₹ 1,80,000/-  
 ii) Agriculture Income in India ₹ 60,000/-  
 iii) Interest on US Bonds (1/3<sup>rd</sup> received in India) ₹ 90,000/-  
 iv) Income from profession in England, the profession was set up in India ₹ 80,000 (50% received in India)  
 v) Income from business in Chennai received in England ₹ 1,20,000/-  
 vi) Income from business in Pakistan ₹ 1,00,000/- deposited in a bank there.  
 vii) Past untaxed foreign Income brought to India ₹ 50,000/-  
 viii) Income from house property in Mysore received in Bangalore ₹ 25,000/-
9. Dr. Keerti keeps books of Accounts on Cash basis. Her Receipts and Payments Account for the Previous Year ended on 31.3.2021 is as follows.

Particulars	Amount	Particulars	Amount
To Balance B/d	10,000	By Rent of Clinic	18,000
“ Consultation fees	60,000	“ Purchase of Medicine	38,000

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“ Visiting fees	45,000	“ Staff Salary	24,000
“ Gifts & Presents	8,000	“ Surgical equipments	40,000
“ Sale of Medicine	42,000	“ Motor Car expenses	8,000
“ Dividend from UTI	6,000	“ Purchase of Motor Car	1,40,000
“ Life Insurance sum	1,00,000	“ House hold expenses	7,000
“ Int. on National Defence Bonds	6,000	“ Closing balance	2,000
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	2,77,000		2,77,000
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**Additional Information:**

i) 50% of Motor Car expenses incurred in connection with profession purchased in December 2020.

ii) House hold expenses includes ₹ 6,800 for insurance premium.

iii) Gifts and presents include ₹ 3000 from relatives.

Compute the Income from profession of Dr. Keerti for the AY 2021-22

**PART – C**

Answer any **FOUR** of the following. Each Question carries 5 Marks: 5x4=20

10. Define perquisites . Give any 5 examples.
11. What is casual Income? Give example.
12. Write a note on Sec 80G and 80C.
13. Write a note on Agriculture Income
14. Write a note on Block of Assets.
15. Define Capital Assets.

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