647510 **BBAtaxAC5040** **Seat No:** __________

B.B.A. Semester - 5 (CBCS) Examination
Oct/Nov. - 2018
DIRECT TAXES (ALLIED)

Time: 2:30 Hours **Marks: 70**

Instructions:
1. All questions are compulsory.
2. Figures to the right indicate marks.

Q-1 Write a note (Any Four) (14)

a) Assessment year
b) Explain the residential status for individual person
c) Person
d) Heads of Income
e) Total income
f) Assessee

Q-2 Write incomes exempt from income tax (sec 10) and explain any five in detail. (14)

OR

Q-2 Explain the power and duties of Income tax officers.

Q-3 Mr. Ashok has prepared the following profit and loss account for the year ending 31st march 2018 : (14)

Profit and Loss Account

To General expenses	65000	By Gross Profit	2432000
To Bad-debts	2000	By Discount & Commission	6000
To Bad-debts reserve	5000	By Rent income	27000
To Provision for taxation	57000	By Interest on post office saving's account	3000
To Income tax	185000	By Bad-debts recovered	16000
To Insurance premium	11000	By Surplus on Sale of shares	75000
TO Motor car expenses (except depreciation)	105000	By profit on sale of machinery (Sold for Rs10000)	1000
To Sales Tax	55000		
To Staff salary	1085000		
To Legal charges	4000		
To Donation to approved charitable trust	6000		
To Net profit	980000		
	2560000		2560000

Additional Information:

a) ½ use of motor-car is for personal purposes and the W.D.V. of the car as on 1-4-2017 was Rs.250000 (Depreciation rate 15%)
b) Insurance premium includes Rs.3000 being medi-claim insurance and Rs.2000 being life insurance premium.
c) 25% of the amount of Bad-debts recovered relates to the amount of bad debts not allowed before three years.

Compute his total taxable business Income for the A.Y.2018-19

OR

Q-3 Mr.SHAH is a merchant Following information is obtained from the books for the accounting year 2017-18. (14)

Find out: (1) Allowable expenses and (2) Disallowable expense under the head of profit and gain from business and profession, and prepare statement.

Name of the Expenses :

(1) Interest on loan Rs.26000; (2) Donation to recognized inshitution Rs.4000; (3) Interest on Capital Rs.5000;(4) Donation to unrecognized inshituation Rs.5000;(5) Bad Debts Rs.14000; (6) Expeses to raise the Loan Rs.11000; (7) Wealth tax Rs.2000; (8) professional Tax Rs.13000;(9) expenses of illegal business Rs.14000; (10) compensation to worker for the injury Rs.15000; (11) Worker's welfare expense Rs.16000; (12) Bad debts reserve Rs.3000; (13) Sales tax paid Rs.12000; (14) Income Tax Rs.21000; (15) Insurance of machine Rs.17000; (16) Life Insurance premium Rs.8000; (17) Office salary Rs.149000 (18) Owner's salary Rs.51000;(19) Furniture stolen Rs.3000; (20) Goods stolen (cost) Rs.12000.

Q-4 Mr. Jain, employed as a marketing manager in TCS Ltd. furnishes you the following information: (14)

1. Basic salary upto 31-10-2017 – Rs.50000 p.m.
   Basic salary from 01-11-2017 – Rs. 60000 p.m.
2. D.A. @ 40% of basic salary.
3. Bonus equal to one month salary paid in oct 2017 on basic salary plus Dearness allowance applicable for that month.
4. Contribution of employer to recognized provident find account of the employees @ 16% of basic salary.
5. Profession Tax Paid Rs.3000 of which Rs.2000 was paid by the employer
6. Facility of laptop and computer was provided to Mr Jain for both official and personal use. Cost of Laptop Rs.45000 and computer Rs.35000 were acquired by the company on 01-12-2017.
7. Motor car owned by the employer (cc of engine exceeds 1.60 liters) provided to the employee from 01-11-2017 meant for both official and personal use. Repair and Running expenses of Rs.45000 from 01-11-2017 to 31-03-2018 were fully met by the employer. The motor car was Self-driven by the employee.

   Leave travel concession given to employee has wife and three children (one daughter aged 7 and twin sons aged 3). Cost of Air tickets (Economy Class) reimbursed by the employer was Rs. 30000/- for adults and Rs.45000 for three children. Mr Jain is eligible for availing exemption this year to the exent it is permissible in law.

   Compute the salary income chargable to tax in the hands of Mr Jain for the A.Y.2018-19.

OR

Q-4 Mrs. Tripathi the managing director of a company, for the financial year 2017-18, compute her taxable salary for A.Y.2018-19.

- Basic salary Rs.420000
- Bonus Rs.45000
- Entertainment allowance Rs.4000
- Payment made by the employer for free supply of gas provided for personal use Rs.6000
- House servent's salary reimbursed by the employer Rs.14000.
- Free education facility provided to three children in an institution maintained by the employer; cost borne by the company for providing such education is Rs.39000 of which Rs.1500 is recovered from her salary.
- The company has also paid salary of watchman and cook at Rs.18000 and Rs.9600 respectively.
- Mrs. Tripathi bought personal articles worth Rs.27000 by using the credit card provided by the employer.
- Company's contribution to R.P.F Rs.50400.

- Interest credited to her R.P.F. A/c @10.5% is Rs.23100.
- Professional tax paid by her Rs.2400.
- Concessional lunch facility provided during office hours (cost per dish Rs.100 for 290 days is borne by the company); a token amount of Rs.20 per dish is deducted from her salary.
- Company providing free holiday home facility matharon Rs.36000.

Q-5 Mr. Indra, a resident individual, owns a house in U.S.A. He receives rent @ $ 2000 per month. He has paid municipal taxes of $ 1500 during the previous year 2017-18. He also owns a two storey house in Ahmedabad, ground floor is used for his residence and the first floor is let out at a monthly rent of Rs. 10000. Standard rent for each floor is Rs. 11000 P.M. Municiple taxes paid for the house amount to Rs. 7500. Mr. Indra had constructed the house by taking a loan on 20-06-2015. During the financial year 2017-18, he has repaid the loan of Rs. 96000 including interest of Rs. 24000. The value of one dollor is to be taken as Rs. 65. (14)

Compute total income from house property of Mr. Indra for the A.Y. 2018-19.

OR

Q-5 Given below are the particulars of house property owned by Rajbhai : (14)

Particulars	House (Rs.)		
	I	II	III
Municipal valuation	80000	75000	30000
Annual fair rent	90000	100000	36000
Standard rent	-	110000	-
Municipal taxes (unpaid)	20%	20%	20%
Payment for tenant's amenities	-	3000	-
Repairs	4000	5000	3000
Insurance Premium(Paid)	2500	2000	1500
Interest (of P.y.2017-18) on loan taken for construction	50000	30000	10000
1/5 part of total interest of construction period	-	15000	5150
Year of completion of construction	2016-17	2013-14	2014-15
Use of the house	Self occupied	Let-out for residence	Self occupied

Additional Information :

1. House 'II (Consisting of two separate units and the area is in the ratio of 3:2) has been let-out to two tenets. Monthly rent of unit -1 Rs.4500 and that of Unit-2 Rs.3000 (Rent of unit 2 is inclusive of charge for tenant's amenties).
2. The tenant, who was in Possession of unit-1 had vacated the house on 31-01-2018 without making payment of last two months rent. This unit remained vacant upto 31-03-2018.
3. The tenant, who was in possession of unit-2, had also vacated the house on 1-3-2018. This unit remained vacant up to 31-3-2018.

compute the taxable income under the head 'Income from House-Property' for the year 2018-19.

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