



64623

VI Semester B.B.A. Examination, September/October 2023  
(CBCS Scheme) (F&R)  
BUSINESS ADMINISTRATION  
Paper – 6.3 : Income Tax

Time : 3 Hours

Max. Marks : 70

**Instruction** : Answers should be written **completely in English**.

SECTION – A

1. Answer **any 5** of the following questions. **Each** question carries **2** marks. **(5×2=10)**

- Who is an assessee ?
- Give the meaning of Previous Year.
- Name the 5 heads of incomes.
- Who is Not Ordinarily Resident ?
- Expand CBDT and PAN.
- State any two conditions for deduction of municipal tax from GAV.
- What do you mean by long-term capital gain ?

SECTION – B

Answer **any 3** of the following questions. **Each** question carries **6** marks. **(3×6=18)**

- State whether the following expenses are admissible or inadmissible while computing business income.
  - Provision for depreciation.
  - Income tax paid before the due date.

P.T.O.



- c) Collection charges for recovery of rent.
- d) Bonus paid before due date.
- e) Loss due to robbery.
- f) Employee's welfare expenses.

3. Mr. Ravana working in private company received the following emoluments :

- a) Basic salary ₹ 8,000 p.m.
- b) Dearness allowance ₹ 6,000 p.m. (60% is considered for retirement benefits).
- c) CCA ₹ 300 p.m.
- d) HRA ₹ 3,000 p.m.

Compute his taxable HRA for Assessment Year 2022 – 23 if he resides in a rented house in Bangalore and pays a monthly rent of ₹ 3,500 p.m.

4. Mr. Shreedhar owns two-houses which are let-out for residential purpose throughout the previous year :

	House – A (₹)	House – B (₹)
Fair Rental value p.a.	2,00,000	3,00,000
Rent received p.m.	15,000	30,000
Standard rent p.a.	1,40,000	2,10,000

Compute the Gross Annual Value (GAV) for the Assessment Year 2022 – 23.





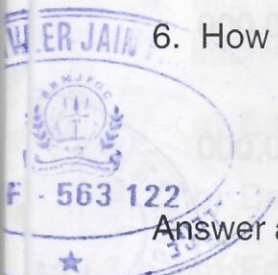
5. Compute total taxable income of Dr. Rithik for the AY 2022 – 23 from the details given below :
- a) Income from salary (gross) : ₹ 2,50,000
  - b) Income from HP (computed) : ₹ 1,20,000
  - c) Taxable income from Business : ₹ 2,40,000
  - d) Short term capital gain : ₹ 12,000
  - e) Dividend from Indian company : ₹ 25,000
  - f) Donation to PM drought relief fund : ₹ 10,000
  - g) Contribution to Employees Provident Fund : ₹ 6,000

6. How do you determine the residential status of an individual ?

SECTION – C

Answer any 3 of the following questions. Each question carries 14 marks. (3×14=42)

7. Mr. Nadeem is an employee of Hindustan Unilever Ltd., Delhi received the following incomes during the year ending 31-03-2021.
- a) Basic salary ₹ 12,500 p.m.
  - b) Dearness pay ₹ 30,000 p.a.
  - c) Dearness Allowance ₹ 15,000 p.a. (it does not enter into retirement benefit).
  - d) Children Education Allowance ₹ 250 p.m. for one child.
  - e) Reimbursement of Medical Expenses ₹ 21,500 (treatment was taken in Private Hospital).





f) He has been provided with rent free flat at Delhi (rent paid by the company 80,000 p.a.).

g) Facility of watchman and cook provided, each of whom is paid ₹ 700 p.a. as salary.

Determine salary income of Mr. Nadeem for the Assessment Year 2022 – 23 assuming that he paid ₹ 200 p.m. as professional tax.

8. Shri Gowrav a resident of Bangalore submits the following Profit and Loss A/c for the year ending 31<sup>st</sup> March 2022.

To Advertisement	2,00,000	By Gross Profit	20,10,000
To Salary to staff	6,60,000	By Rent	2,40,000
To Govinda's salary	1,20,000	By Commission	1,50,000
To Audit fees	60,000	By Bad debts recovered	
To Bad debts	40,000	(earlier disallowed)	70,000
To Reserve for bad debts	50,000	By Dividend on SRM Ltd.	
To General expenses	2,50,000	shares (Gross)	30,000
To Municipal tax	24,000		
To Fire Insurance premium on goods	26,000		
To Depreciation	78,000		
To Patents right	1,60,000		
To Staff Welfare Fund	40,000		
To Employees RPF	50,000		
To Sales Tax	1,90,000		
To Donation to NDF	1,00,000		
To Premium on Govinda's life insurance	36,000		
To Net Profit	4,16,000		
	<b>25,00,000</b>		<b>25,00,000</b>







**Additional Information :**

- 1) Advertisement includes ₹ 1,00,000 being cost of permanent sign board.
- 2) Business income of ₹ 70,000 was not recorded in the P&L A/c.
- 3) General expenses include ₹ 50,000 paid for securing business orders and ₹ 60,000 spent on Govinda's birthday.
- 4) Depreciation allowable on all assets including permanent sign board but excluding patent right as per IT rules was ₹ 90,000.
- 5) Patents rights were acquired on 11-10-2021 on which depreciation allowable at 25%.

Compute taxable income from business for the Assessment Year 2022 – 23.

9. Mrs. Druthi is an employee of XYZ Ltd., at Bangalore. She furnishes the following information for the Assessment Year 2022 – 23.

- a) Basic salary ₹ 8,000 p.m.
- b) Dearness Allowance ₹ 6,000 p.m. (₹ 1,000 enters into retirement benefit).
- c) Education Allowance for 2 children at ₹ 350 per month per child.
- d) House Rent Allowance ₹ 1,600 p.m. but actual rent paid by him is ₹ 3,000 p.m.
- e) She and company contribute 14% of salary towards RPF.
- f) Interest on RPF credited @ 15% amounted to ₹ 15,000.
- g) Company paid ₹ 6,000 towards income tax and ₹ 3,000 towards professional tax of Mrs. Druthi.
- h) She received bonus equal to 2 months salary.
- i) Children Hostel Allowance for 2 children @ ₹ 400 per child per month.
- j) Professional tax paid by the employer ₹ 2,400.

Compute the taxable salary of Mrs. Druthi for the Assessment Year 2022 – 23.





10. Krishna Murthy furnishes the following particulars of his income for the PY 2021 – 22.

- a) Interest on German Development Bonds ₹ 60,000 (2/5<sup>th</sup> received in India).
- b) Income from agriculture in Bangladesh (received there but later on ₹ 50,000 remitted to India) ₹ 1,80,000.
- c) Income from business in Sri Lanka controlled from Pakistan (80,000 received in India) ₹ 1,20,000.
- d) Income from business in Kenya which is controlled from Bangalore (18,000 received in Bangalore) ₹ 78,000.
- e) Dividend paid by an Indian company received in Canada ₹ 56,000.
- f) Past untaxed foreign income brought to India during previous year ₹ 1,05,000.
- g) Profit from business in Mysore but controlled from London ₹ 72,000.
- h) Profit on sale of building in Mangalore but received in Dubai ₹ 1,48,000.
- i) Pension from Indian company received in India ₹ 36,000.
- j) Gift in cash from a relative received in India ₹ 60,000.

Find out Mr. Krishna Murthy's Gross Total Income for the AY 2022 – 23, if he is

- a) Resident and ordinarily resident.
- b) Resident but not ordinarily resident.
- c) Non-Resident.

11. Mr. Muniraju is the owner of three house property in Mysore. The details relating to which are as follows :

Particulars	I House	II House	III House
Year of completion			
Rate of interest p.a.	16%	16%	14%
Actual rent per month (₹)	20,000	15,000	Nil

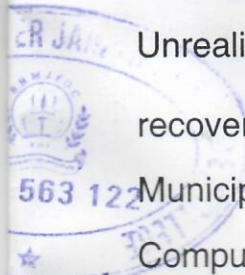




Purpose of use of House Property	LOP	LOP	SOP
Standard rent (₹)	1,88,000	1,44,000	2,75,000
Municipal value (₹)	2,60,000	2,00,000	3,00,000
Fair Rental Value (₹)	2,00,000	1,90,000	2,80,000
Total municipal tax (₹)	26,000	20,000	30,000
Municipal tax paid by Muniraju (₹)	20,000	10,000	30,000
Municipal tax paid by tenant (₹)	6,000	10,000	Nil
Repairs (₹)	1,000	500	2,000
Vacancy period	2 months	1 month	Nil
Interest on loan for construction of the house (₹)	58,000	66,000	1,05,000
Unrealized rent allowed in the AY 20 – 21 (₹) recovered during the year for the first house	24,000	Nil	Nil

Municipal tax is 10% of Municipal valuation.

Compute his income from the house property of Mr. Muniraju for the Assessment Year 2022 – 23.



SECTION - C

Answer any 3 of the following questions. Each question carries 8 marks. (3×8=24)

2. State whether the following expenses are admissible or inadmissible while computing business income.

a) Provision for depreciation.

b) Income tax paid before the due date.