

[29] Seat No. _____

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SARDAR PATEL UNIVERSITY
B. Com. (Hon) (V Semester) Examination
Saturday, 25th November 2017
UB05CCOH02 - Taxation-I

2.00 pm – 4.00 pm

Total Marks : 60

Note : Figures to the right indicate full marks of the question paper.

- Q.1 Write Short Note: (15)
 (1) Person (2) Casual Income (3) Resident and Ordinary Resident.
OR

- Q.1 Write Short Note :
 (1) Agricultural Income (05)
 (2) Deductions available under section 80C and 80D (10)

- Q.2 On 1-1-2012, Mr. Rahul (Specified employee) joined a company at Ahmedabad (Having Population of more than 25 lakhs) as its sales Manager, in the grade of Rs. 12000-750-18000-1500-30000. From the following information, calculate his total taxable salary income for the assessment year 2017-18. (15)

- (1) The company revise during the year Dearness Allowance in the month of January and July.
 D.A. Rates are as follows :
 2016 : For first 6 Months - 24% of basic Salary.
 For next 6 Months - 28% of basic Salary.
 2017 : For first 6 Months - 34% of basic Salary.
 For next 6 Months - 38% of basic Salary.
- (2) The company pays bonus at 12% of basic salary.
- (3) The company has provided him a motor car (Of 1600 C.C.) for his personal as well as company works and the company paid Rs. 84000 as its maintenance charges including salary of a driver. The car is used for both the purposes.
- (4) The Company contributes 14% of basic salary in his Recognised provident Fund while Rahul has paid 15% of basic Salary.
- (5) Interest credited to Recognised Provident Fund is Rs. 37500 at the rate of 12.50% (date of credit 31-12-2016).
- (6) The Company has provided a residential house for which the Company has to pay rent of Rs. 6000 p.m. The Company has also provided furniture of Rs. 240000 in the house.
- (7) The Company has paid the following on his behalf :
 (a) Salary of house servant Rs. 18000
 (b) Salary of Gardener Rs. 6000.
 (c) Salary of Sweeper Rs. 3600.
 (d) Salary of Watchman Rs. 24000
- (8) The Company has paid Rs. 30000 as his annual membership fees of a club.
- (9) He has made Following Saving and investments.
 (1) Premium of Life insurance policy (taken in 2007) of Rs. 40000.
 (2) Unit-Linked-Insurance Premium. - Rs. 3000
 (3) National Saving Certificates (VIII Service) - Rs. 60000
 (4) Deposited in public provident fund - Rs. 75000

OR

Q.2 Mr. Ajay performs his duties in hospital in Rajkot. (15)

Find out his taxable income from salary for the A.Y. 2017-18 from the particulars given below.

- (1) Basic Salary per month Rs. 80000.
- (2) Dearness Allowance 50% of Basic Salary.
- (3) Bonus (Annual) Rs. 60000
- (4) Transport Allowance Rs. 3600 per month.
- (5) City Compensatory Allowance per month Rs. 2000.
- (6) Educational Allowance for three children (Annual) Rs. 15000.
- (7) He contributes 14% to Recognised P.F. His employer contributes to P.F. at the same rate. The interest, added to recognised P.F. is Rs. 40320 at the rate of 12%
- (8) He has been provided a house in Rajkot by his employer with the furniture worth Rs. 600000. The Population of Rajkot city is 15 Lakh. The hospital has made the deduction of Rs. 2000 from his salary per month for the said perquisite.
- (9) He has been provided a car of 1.8 C.C. by the hospital. The Car is used for personal as well as office purpose. The maintenance and driver's salary expenses are paid by the hospital.
- (10) Mr. Ajay has made the following payments during the previous year.
 - (a) Professional Tax (Annual) - Rs. 2400
 - (b) Investment in P.P.F. Rs. 100000.
 - (c) LIC premium Rs. 40000.
 - (d) Repayment of Housing Loan (excluding interest) Rs. 40000.

Q.3 From the following details of house property of Smt. Rabadidevi, (15)
Compute her taxable income of A.Y. 2017-18 under the head 'Income from House-Property'.

- (1) Let-Out House :
 - (i) Annual Value as per municipal records Rs. 90000 (20% of which is paid as municipal taxes), Annual fair Rent Rs. 132000, Value determinable under the Rent control Act Rs. 120000, Actual rate of annual rent Rs. 144000.
 - (ii) The house remained vacant for five months during the previous year and one month's rent is irrecoverable.
 - (iii) Interest on loan taken for construction ($1/5^{\text{th}}$ of capitalised interest) of pre-construction period Rs. 12000 and total unpaid interest of the previous year Rs. 28000.
- (2) Self-residential House :
 - (i) Construction of the house was completed on 30-9-2013 and total interest on loan taken for construction accumulated up to the date of completion of construction to Rs. 60000 (loan was taken on 1-1-2011)
 - (ii) During 2016-17 a fresh loan was taken to construct the second floor and its outstanding interest amounted to Rs. 92000.
 - (iii) During 2016-17 another loan was taken to make repairs and alteration (required as per 'Vastu Shastra') on 1st Floor and its outstanding interest amounted to Rs. 65,000.

OR

- Q.3 From the following details of house property of Mr. Dhaval, you are required to compute his taxable income from house property for the A.Y. 2017-18. (15)

	Particulars	House No. 1 Rs.	House No. 2 Rs.
(1)	Annual Value as per municipal valuation	90,000	15,000
(2)	Annual Fair Rent	81,000	12,500
(3)	Standard Rent	75,000	24,000
(4)	Rate of Annual Rent receivable	1,65,000	21,000
(5)	Unrealised rent of p.y. 2015-16	2,750	4,000
(6)	Vacancy period	3 months	2 months
(7)	Local Taxes paid	10,000	4,500
(8)	Interest on loan taken by mortgaging House No. 1 (the loan was taken to construct the house no. 2)	30,000	---
(9)	Interest on loan taken by mortgaging House No. 2 for its construction	---	3,000
(10)	Repair charges, insurance expenses etc.	25,000	7,000

- Q.4 Determine taxable income from business from the profit and loss account of Mr. Kiranbhai for the year ending on 31-03-2017 and other particulars. (15)

Particulars	Rs.	Particulars	Rs.
To Life insurance premium	8000	By Gross profit	647000
Insurance premium of plant	1000	Income Tax Refund	4000
Bad debt Reserve	5000	Dividend	11000
Bad debt	4000	House Rent	14000
Salary	413000	Lottery prize	6000
Salary to personal servant	3000	Commission	8000
Interest on Capital	9000	Bad debt recovered	10000
Interest on loan	8000		
Income tax paid	7000		
Sales tax paid	6000		
Dividend collection charge	1000		
Local tax of let out house	2000		
Subscription	3000		
Theft of furniture	4000		
Donation	5000		
Depreciation	12000		
Motor Car exps.	9000		
Net profit	200000		
	700000		700000

Additional information :

- (1) 1/3 part of the use of car is for personal purpose.
- (2) Allowable depreciation is as Rs. 15000, salary includes Rs. 63000 of owners salary.
- (3) Rs. 3000 of bad debt recovered was not allowed as bad-debt in the earlier previous year.

- (4) Following transactions were not recorded in the above profit & loss A/c.
- Discount received Rs. 5000.
 - Interest due on investment Rs. 3000.
 - Advertisement Rs. 4000.
 - Audit Fees paid Rs. 6000.
 - House hold Expenses Rs. 120000.

OR

Q.4 Shreyas who is CA. He furnished the following receipts and payments account for the ending on 31-03-2017. (15)

Receipts	Rs.	Payments	Rs.
To opening balance	80000	By staff salary	300000
To income tax consultation fees.	320000	By stipend to articles	180000
Sales tax consultation fees.	180000	By office exp.:	
Audit fees :		For 2015-16	20000
For 2015-16	50000	For 2016-17	130000
For 2016-17	270000	By sundry exp.	170000
For 2017-18	30000	By Drawing	200000
Project fees	300000	By office Rent :	
Gift from clients	50000	For 2016-17	120000
interest on investments	40000	For 2017-18	30000
Profit on sale of investments	60000	By insurance premium	50000
House Rent	100000	By donation	20000
		By income tax	60000
		By purchase of books	40000
		By closing balance	160000
	1480000		1480000

Additional information :

- Membership fees Rs. 5000 and motor car exp. Rs. 40000 was included in a sundry expenses.
- Driver salary Rs. 30000 was included in a staff salary.
- W.D.V. of the motor car as on 01-04-2016 was Rs. 400000.
Rate of depreciation on it is 20% motor car is used 40% for the personal purpose.
- He deposited Rs. 80000 into P.P.F. A/c. from the drawing.
- Personal insurance premium Rs. 40000 was included in a insurance premium.
- Purchase of computer of Rs. 30000 was included in a sundry expenses.
- As per Income Tax Act admissible depreciation on other assets was Rs. 15000.
- Donation given to the approved trust.
- Project fees Rs. 80000 was not received while staff salary Rs. 60000 was unpaid up to the end of accounting year.
Calculate his taxable income from Business profession for the A.Y. 2017-18.