



Reg No:  
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**ST. JOSEPH'S COLLEGE (AUTONOMOUS), BANGALORE-27**  
**B.Com/BPS – V SEMESTER**  
**END SEMESTER EXAMINATION, NOVEMBER 2020**  
**BC/BPS 5218- INCOME TAX I**

Time: 2 ½ Hours

Max Marks: 70

This paper contains three printed pages and four parts

**Section A**

I Answer any five of the following

(5 X 2 = 10marks)

1. Define person as per section 2(31)
2. State whether following transactions are (a) Agriculture Income (b) Non-agricultural income:
  - a. Income earned by a cultivator from conversion of sugarcane (raised on own land) to jaggery.
  - b. Remuneration to a Director or Managing Director from a company engaged in agricultural business.
  - c. Fee derived from land used for grazing of cattle, being used for agricultural operation.
  - d. Compensation received from insurance company for damage caused by hail-storm to the green leaf of the assessee's tea garden.
3. Enlist any four exempted incomes as per section 10
4. Who is a specified employee as per section 17(2)(iii) Rule 3?
5. Give the meaning of composite rent
6. Mention two cases in which test of 2<sup>nd</sup> basic condition is not applicable for residential status of an individual

**Section B**

II Answer any three of the following

(3 x 5 = 15 marks)

7. X came India for first time on July 24, 2015. From July 24, 2015 to December 25, 2016 he was in India. Again, he came to India on August 5, 2019 for employment purpose & left India on November 25, 2019 permanently. Determine his residential status for the previous year 2019-20 assuming - a) He is a foreign citizen b) He is an Indian citizen.
8. Mrs. X is working with ABC Ltd. since last 30 years 9 months. Her salary structure is as under:  
Basic Rs. 5,000 p.m. Dearness allowance Rs. 3,000 p.m. On 15/12/2019, she died. Mrs. X is covered by the Payment of Gratuity Act. State the treatment of gratuity and compute taxable gratuity in the following cases:  
Case 1: Mrs. X retired on 10/12/2019 & gratuity Rs. 4,00,000 received by her husband (legal heir) as on 18/12/2019.  
Case 2: Husband of Mrs. X received gratuity on 18/12/2019 falling due after death of Mrs. X.
9. Mr. Das retired on 31/3/2020. At the time of retirement, 18 months leave was lying to the credit of his account. He received leave encashment equivalent to 18 months Basic salary Rs. 1,26,000. His employer allows him 1½ months leave for every completed year of service. During his tenure, he

availed of 12 months leave. At the time of retirement, he also gets D.A. Rs.3,000.. Find taxable leaveencashment.

10. Calculate interest on loan allowed for assessment year 2015-16 to 2020-21 from the following information:

Loan was taken on 1/1/2011 Rs. 5,00,000 @ 12% p.a.

Construction commenced on 1/8/2011.

Construction completed on 31/3/2016.

Repayment made as under:

On 1/4/2012	On 1/4/2015	On 1/4/2018	On 1/7/2019
Rs. 1,00,000	Rs. 1,00,000	Rs. 1,00,000	Rs. 1,00,000

### Section C

#### III Answer any two of the following

(2 x 15 = 30 marks)

11. Ram provides following details of income, calculate the income which is liable to be taxed in India for the A.Y.2020-21 assuming that –

a) He is an ordinarily resident b) He is not an ordinarily resident c) He is a non-resident.

Particulars	Amount
Salary received in India from a former employer of UK	1,40,000
Income from tea business in Nepal being controlled from India	10,000
Interest on company deposit in Canada (1/3rd received in India)	30,000
Profit from a business in Mumbai controlled from UK	1,00,000
Profit for the year 2002-03 from a business in Tokyo remitted to India	2,00,000
Income from a property in India but received in USA	45,000
Income from a property in London but received in Delhi	1,50,000
Income from a property in London but received in Canada	2,50,000
Income from a business in Zambia but controlled from Turkey	10,000

12. Mr. 'X' is an employee in Bangalore Bank. He gives the following information for the previous year 2019-2020.

- Basic Salary Rs. 50,000 per month
- Dearness Allowance Rs. 8,000 per month (Does not enters the retirement benefits)
- Family allowance Rs. 600 per month
- City compensatory allowance Rs. 800 per month
- Education Allowance for two children at Rs. 350 per month per child
- Entertainment Allowance Rs. 750 per month.
- House rent allowance Rs. 1,600 per month. But he pays Rs. 3,000 per month as actual rent
- Conveyance allowance of Rs. 8,000 for visiting the branches (50% spent).
- He and company contribute 14% of salary towards Recognized Provident Fund
- Interest on Recognized Provident Fund was Rs. 15,000 at 15% per annum
- Professional tax paid Rs. 200 pm.
- Mr. X retired from service on 31/3/2020. His pension was fixed at Rs. 10,000PM. On retirement date he decided to commute pension and received Rs. 5,80,000. (without gratuity).

Compute gross income from Salary for Assessment year 2020-2021.

13. Mr. Rajesh owns two house properties both of which are let out. Compute his income from the following details:

Particulars	House I	House II
	Hyderabad	Bangalore
Situated at		
Gross Municipal value (GMV)	1,00,000	2,00,000
Fair Rent	95,000	2,10,000
Standard rent	90,000	2,00,000
Actual rent receivable	1,00,000	1,80,000
Unrealized rent of current year	8,000	2,000
Municipal tax	10% of GMV	1,000
Fire insurance	2,000	1,200
Repairs	NIL	2,000
Interest on loan for construction (@ 12%)	10,000	NIL

Other Information:

(a) Loan taken for construction is still unpaid.

(b) Municipal tax of H1 is still unpaid, while, that of H2 is half paid by tenant.

### Section D

#### IV Compulsory Question

(1 X 15 = 15 marks)

14. Mr. Gowda a lecturer in a Private University in Bangalore. He submits the following particulars of his income for the year ended 31/03/2020.

- Basic Salary Rs. 35,000 per month
- Dearness Allowance Rs. 4,000 per month (100% enters for retirement benefits).
- He has been provided with unfurnished house by the company for which a sum of Rs. 800 per month is deducted from salary. The company pays a rent of Rs. 10,000 per month for the house directly to the landlord.
- During the year he received Rs. 18,000 medical reimbursements for the medical treatment in a Private Nursing Home.
- During the year Mr. Rajesh had taken interest free loan of Rs. 1,60,000 from the company. The SBI interest rate is 12%.
- Professional tax and life insurance premium of employee were paid by the employer i.e., Rs. 200 per month and Rs. 8,000 per annum respectively.
- Services of Cook, Watchman and Gardner were provided by the employer. The salaries paid to the above mentioned by the company amounted to Rs. 6,000, Rs. 3,000 and Rs. 4,500 per annum respectively.
- Gowda has been provided a car (1.7 ltr.) by the employer. The cost of car to the employer was Rs. 3,50,000 and maintenance cost incurred by the employer Rs. 30,000 p.a. Chauffeur salary paid by the employer Rs. 3,000 p.m.

Compute taxable income from salary for the AY 2020-21.

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