



B.Com. (Semester – V) Examination, October/November 2017
Accounting Major – 2 : INCOME TAX, SERVICE TAX AND GOA VALUE
ADDED TAX – 1
(New Course)

Duration : 2 Hours

Max. Marks : 80

Instructions : i) Question No. 1 is **compulsory**.ii) Answer **any 3** questions from the remaining questions.iii) Show important working notes as **fair work**.iv) Figures to the **right** indicate marks **allotted**.

1. A) Mr. Amarnath', a foreign national (being a person of Indian origin) comes to India every year. His 10 immediately preceding previous year's records show that he has stayed in India every year for 90 days. During the previous year, 2016 – 17 his stay in India is for 192 days.

Determine his residential status for the Assessment Year 2017 – 2018.

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- B) Mr. 'Jagannath', is employed in Aniket Pvt. Ltd., on the following monthly salary (place of position Mumbai) :

	Up to 31/05/2016	From 01/06/2016
	Rs.	Rs.
Basic Salary	37,400 p.m.	38,500 p.m.
Dearness allowance (100% part of salary for computing retirement benefit)	10% of Basic Salary	12% of Basic Salary
Commission	5,000 p.m.	5,000 p.m.
House rent allowance	4,500 p.m.	5,000 p.m.

He stays in a rented house at Borivali in Mumbai by paying a rent of Rs. 6,000 p.m.

Compute House rent allowance exempted u/s 10 (13A) for the Assessment Year 2017 – 2018.

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- C) Mr. 'Nagnath', a resident, is engaged in the business of civil construction. His gross receipts from this business during 2016 - 17 amounts to Rs. 88,50,000, out of which Rs. 4,00,000 is received by account payee cheques and expenses are as follows :

	Rs.
Salary to employees	1,08,000
Other incidental expenses	50,900

From the above information determine his income u/s 44 AD for the Assessment Year 2017 - 2018.

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- D) 'Dream Advertising', a newly set up advertising agency has received the following payments towards the gross amount charged for services rendered, starting from 1/4/2016.

Date of Receipts	Client from whom received	Amount received (Rs.)
15/04/2016	L.I.C. of India	7,40,000
10/05/2016	World Health Organisation	1,20,000
12/05/2016	Bharat Heavy Electricals	1,65,000
06/06/2016	International Labour Organisation	1,70,000
18/06/2016	State Bank of India	1,35,000

Determine the dates as to when the agency would become due for registration and payment of service tax.

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2. 'Mrs. Krutika Shukala' a Central Government employee in Goa receives the following emoluments for the year ending March 31, 2017 :

Basic salary Rs. 1,43,000 p.m.

Dearness Allowance 4% of Basic Salary

House Rent Allowance (she stays in her own house) 16% of Basic Salary

Transport Allowance Rs. 3,740 p.m.

Leave salary Rs. 25,000

Entertainment Allowance Rs. 500 p.m.

Uniform Allowance Rs. 1,800 p.a. She has actually spent Rs. 2,400 p.a.

Employer's Contribution to recognized provident fund Rs. 1,54,720

Interest credited to above provident fund account @ 10% p.a. Rs. 15,472

Leave Travel Concession received from employer Rs. 1,10,000. She is entitled for Rs. 94,000 as per prescribed rules.

Reimbursement of medical expenses incurred on medical treatment of her husband in a private hospital Rs. 54,000.

Insurance premium paid by the employer on life of the assessee Rs. 1,500.

Compute her Taxable income from 'Salaries' for the Assessment Year 2017 - 2018.

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3. 'Mr. Patric Fernando', provides the following Profit and Loss Account for his proprietary business for the year ending march 31, 2017 :

Particulars	Amount	Particulars	Amount
To Purchases	6,90,000	By Sales	15,40,000
To Salary to staff	2,40,000	By Income tax Refund	18,000
To Household Expenses	34,000	By Interest on Income tax	
To Postage and Telegrams	1,700	Refund	760
To General Expenses	15,000		
To Bad debts	4,500		
To Advance Income Tax	25,000		
To Donation	5,000		
To Audit Fees	2,800		
To VAT Paid	13,100		
To Reserve for Doubtful Debts	23,000		
To Travelling Expenses	4,800		
To Advertisement Expenditure	43,000		
To Interest on :			
Bank Loan	7,000		
Mr. Patric Fernando's Capital	2,500		
To Depreciation @ 25%	15,000		
To Legal Expenses	10,000		
To Net Profit	4,22,360		
	15,58,760		15,58,760



Additional Information :

- 1) Purchases worth Rs. 30,000 made on a particular day was paid in cash.
- 2) Salary to staff includes payment of Rs. 7,000 to a relative, which is reasonable only to the extent of Rs. 5,000.
- 3) General expenses include son's school fees of Rs. 4,800.
- 4) VAT paid includes penal interest of Rs. 500 for payment of VAT after due date.
- 5) 50% of Advertisement expenditure is payment given to magazine for classified advertisement. However, the magazine is owned by a political part.
- 6) Depreciation is calculated as per Section 32 of the Income tax Act 1961.
- 7) 2/3rd of travelling expenses is for Business trip purpose and 1/3rd for personal purpose.

Compute his income under the head 'Profits and Gains of Business or Profession' for the Assessment Year 2017 – 2018.

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4. Answer in short **any four** of the following in relation to Income Tax Act :

(4×5=20)

- a) Definition of Company u/s 2(17).
- b) Scope of Total (Indian and Foreign) Income u/s 5.
- c) Exemption in relation to receipts by a member, from HUF u/s 10(2).
- d) Definition of Person u/s 2(31).
- e) Exemption in relation to payment received from an Approved Superannuation Fund u/s 10(13).

5. Answer in short **any four** of the following in relation to Income Tax Act : (4×5=20)

- a) Gross Total Income u/s 80 (B) 5.
- b) Exemption for gratuity received by a Non – Government employee covered by the Payment of Gratuity Act, 1972.
- c) Computation of income on estimated basis u/s 44 AE.
- d) Exemption in relation to agricultural income u/s 10(1).
- e) Residential status of a HUF u/s 6(2).

6. a) Answer the following in relation to Income Tax Act :

i) Define 'Perquisites' u/s 17(2).

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ii) Explain the conditions to be satisfied to claim the General Deduction u/s 37(1).

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b) Answer the following in relation to Service Tax :

i) Monthly/Quarterly Payment of Service Tax.

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ii) Penalty for Failure to pay Service Tax.

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