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**B.Com. (Part - III) (Semester - VI) Examination, November - 2019**  
**ADVANCED ACCOUNTANCY**  
**Taxation (Paper - IV)**  
**Sub. Code : 51465**

Day and Date : Tuesday, 26 - 11 - 2019  
 Time : 12.00 noon to 2.00 p.m.

Total Marks : 40

- Instructions :
- 1) All questions are compulsory.
  - 2) Figures to the right indicate full marks.
  - 3) Use of calculator is allowed.

Q1) a) Explain the Residential Status of an Individual under Section 6. [8]

b) Mrs. Pratiksha Patil is working as an Assistant Manager in the Mumbai Branch of a Foreign Company. She is residing at Dadar, Mumbai. She gives you the following information regarding her salary income for the financial year 2017-18.

- Basic salary ₹44,500 per month.
- Dearness Allowance ₹22,250 per month. 50% of the dearness allowance enters into retirement benefits.
- City Compensatory Allowance ₹4,450 per month.
- Travelling Allowance for commuting between place of residence and office ₹1,500 per month.
- Family Allowance ₹3,500 per month.
- House Rent Allowance - 40% of the basic salary. Actually she is paying ₹20,000 per month as a rent for the flat where she resides.
- She is allowed to use a motor car of 16 HP owned by the company for office purpose.
- She is contributing 20% of her basic salary for Recognised Provident Fund for which the company is contributing an equal amount.
- During the year an amount of ₹60,000 is credited to her Recognised Provident Fund Account as interest @ 12%.

For the year, the company has paid her mobile bill of ₹2,000. She is using the mobile for office as well as private purposes.

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- She has been provided free refreshment during office hours and office premises. Total expenses of the company for the year on her refreshment are ₹9,640.
- During the year, she attended training, orientation and refresher courses related to her job. Total expenditure borne by the company is ₹45,145 in this regard.
- The company reimbursed medical bill of ₹1,23,756 incurred on the medical treatment of her hubby in a hospital approved by the government.

Please, calculate her income from salary for the assessment year 2018-19. **[8]**

Q2) Attempt any two of the a, b and c of the following.

- a) Mrs. Aishwarya owns three houses. The names of the houses are 'Abhishek Villa', 'Salman Height' and 'Vivek Residency'. She has provided you the details of these three houses as below

	Abhishek Villa	Salman Height	Vivek Residency
Used for the purpose of	Own residence	Own business	Let out for residence
Municipal Value	₹4,25,000	₹6,46,000	₹2,55,000
Fair Rent	N. A.	₹6,80,000	₹2,38,000
Actual Rent	No	No	₹3,06,000
Municipal Taxes	5%	20%	10%
Repairs	₹45,876	₹1,78,500	₹54,400
Insurance Premium	₹4,000	₹6,000	₹3,000
Interest on loan taken for construction	₹17,000	₹19,000	₹25,500

Calculate her income from house property for the assessment year 2018-19. **[8]**

- b) Mrs. Snehal Chougule is carrying a business of digging bore wells. Her Profit & Loss A/c for the year ended on 31<sup>st</sup> March 2018 is as below

## Profit &amp; Loss A/c

Particulars	₹	Particulars	₹
To Salary to Staff	4,32,000	By Business Receipts	21,21,400
To Salary to Proprietor	1,80,000	By Dividend on Shares	52,000
To Operating Expenses	9,60,000	By Salary as a CHB	
To Rent of office	72,000	Teacher	1,22,000
To Insurance	8,700	By Maturity amount	
To Bad debts	31,900	of Life Policy	5,00,000
To Legal expenses	9,700		
To Repairs & Maintenance	3,45,800		
To Donation to a school	5,000		
To Depreciation	1,45,500		
To Interest on Capital	24,000		
To Interest on Bank Loan	60,000		
To Loss on sale of Investments	5,300		
To Rent of Residential House	72,000		
To Net Profit	4,43,500		
	27,95,400		27,95,400



## Other Information

- According to Rules regarding depreciation, the allowable depreciation is ₹1,42,000.
- Loan from bank is taken for purchase of Bore Well Vehicle.
- Half of the legal expenses are incurred on the court matter regarding the residential bungalow with her brother-in-law.
- All bad debts are allowable as per Income Tax rules.

She wants to pay Income Tax honestly but she doesn't know how to compute Taxable Income from Business. Will you please help her by computing Taxable Income from Business? [8]

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- e) CA Miss S. R. Patil has her office at Jaysingpur. She maintains her books of accounts on cash basis. Her Receipts and Payments Account for the financial year 2017-18 was as under

Receipts	₹	Payments	₹
To Balance b/d	32,725	By Salary to staff	2,44,800
To Audit fees	5,40,175	By Travelling allowance to staff	32,682
To Income Tax consultancy fees	3,58,105	By Daily allowance to staff	30,600
To Account consultancy fees	1,58,950	By Bonus and incentives to staff	35,700
To GST consultancy fees	96,900	By Electricity & mobile charges	25,360
To Govt. Subsidy consultancy fees	15,895	By Insurance of office	1,105
To loan from bank for purchase of flat for office	15,95,000	By Professional Expenses	26,482
To Remuneration from a college as a honorary teacher	37,400	By Motor car purchased	9,56,250
To Dividend & Interest	35,105	By Running and maintenance expenses of car	40,800
To Gifts from clients on the occasion of birthday	52,275	By Purchase of flat for office	18,03,250
To Short term borrowings from friends for purchase of car	4,25,000	By Maintenance of computers and laptops	13,005
		By Interest on loan from bank	23,800
		By Life insurance premium	4,590
		By Stationery & Sundry office expenses	43,231
		By Drawings	51,000
		By Balance c/d	14,875
	33,47,530		33,47,530

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Further Information

- Use of car is 60% for office and 40% for personal purpose.
  - Total depreciation on motor car is ₹56,250.
  - Allowable depreciation on computers and laptops is ₹15,000 and on books is ₹8,960.
- Compute income from profession of Miss S. R. Patil for the A. Y. 2018-19. [8]

Q3) Write short notes on any two. [8]

- Definition of Assessment Year and Previous Year
- Definition of Company and Indian Company
- Features of GST
- Input Tax Credit (ITC)

