



V Semester B.B.A. Examination, February/March 2024
(NEP Scheme) (Freshers)
BUSINESS ADMINISTRATION
Income Tax – I

Time : 2½ Hours

Max. Marks : 60

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

SECTION – A

1. Answer **any five** sub-questions, **each** sub-question carries 2 marks. (5×2=10)
- Write the meaning of agriculture income.
 - Write any two exemptions under Section 10 of Income Tax Act.
 - Who is an ordinary resident of India ?
 - Expand ITAT and CIT.
 - What do you mean by Gratuity ?
 - Write any two deduction available under Section 16 of Income Tax Act.
 - What is Pre-construction interest ?

SECTION – B

- Answer **any three** questions, **each** question carries 4 marks. (3×4=12)
- Miss. Nayana an employee of PQR Co. Ltd., Malur, has left India for the first time on 10th July 2022 for higher education in USA. Calculate her residential status for the AY 2023 – 24.
 - Discuss whether the following are agricultural income or not with reasons.
 - Income from conversion of sugarcane into jaggery by the farmer himself.
 - Income from agricultural land situated in urban area.
 - Remuneration received as manager of an agricultural farm house.
 - Income derived from sale of seeds.

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4. State the procedure for applying PAN.
5. Mr. Sumanth (resident) is employed at a basic salary of ₹ 6,200 p.m. He is also getting Dearness Allowance of ₹ 2,800 p.m. and ₹ 5,000 as bonus. On 30/5/2022, he retired from his service. He had service of 29 years and 5 months. He received ₹ 2,00,000 as gratuity under the Payment of Gratuity Act. Compute his taxable gratuity for the assessment year 2023-24. (Employee covered under Gratuity Act, 1972).
6. Calculate Net Annual Value from the following details.
Municipal Value Rs. 2,40,000; Fair rental value Rs. 2,60,000; Standard rent Rs. 2,20,000; Annual rent Rs. 2,00,000; Unrealized rent is Rs. 20,000; Municipal taxes paid is Rs. 10,000.

SECTION – C

Answer any three questions, each question carries 10 marks. (3×10=30)

7. From the following particulars of Mr. Krishnamurthy, compute his gross total income for the A.Y. 2023-24. If he is : a) Resident b) Not ordinary resident and c) Non-resident.
- Profit from business in Chennai ₹ 50,000
 - Income from agriculture in Karnataka ₹ 1,90,000
 - Income from property in Mexico received there ₹ 2,00,000
 - Interest on Singapore Development bonds ₹ 1,50,000 (1/3 received in India)
 - Income from business in Kuwait controlled from Mumbai ₹ 85,000 (₹ 35,000 received in India)
 - Dividend from domestic company ₹ 1,000
 - Profit on sale of building in Bangalore received in Nepal ₹ 50,000
 - Income from house property in Kolar received in USA ₹ 6,50,000
 - Royalty received in India for the services rendered in Japan ₹ 6,00,000
 - Rent from house property in Nepal received there ₹ 20,000
8. Mr. Ajay is working in a private company Chennai. He gives the following information for the previous year 2022-23.
- a) Basic Salary ₹ 20,000 p.m.
 - b) Dearness Allowance 12,000 p.m. (forming part of salary)



- c) City compensatory allowance ₹ 500 p.m.
 - d) Education Allowance for two children at 200 p.m. per child.
 - e) Entertainment Allowance ₹ 1,000 p.m.
 - f) House rent allowance ₹ 3,200 p.m. But he pays ₹ 6,000 p.m. as actual rent.
 - g) Conveyance allowance of ₹ 12,000 p.a. for visiting the branches (80% spent for official purpose).
 - h) Company has paid his income tax of ₹ 8,000 during the P.Y.
 - i) He and company contribute 14% of salary towards R.P.F.
 - j) Interest on R.P.F. was ₹ 12,000 at 12% p.a.
- Compute his taxable income from salary for the A.Y. 2023-24.

9. Mr. Pranesh, a sales manager of ABC Ltd., Kolkata has furnished the following details of his income for the year ended 31-03-2023. Compute his taxable income from salary for the A. Y. 2023-24.

- a) Basic Salary ₹ 40,000 per month
- b) Dearness Allowance ₹ 12,000 per month (forming part of salary)
- c) Bonus equal to 3 months of basic salary
- d) Entertainment Allowance ₹ 1,500 per month (amount spent for official duties is ₹ 12,000)
- e) Children Hostel Allowance for his three children ₹ 400 per month per child
- f) Reimbursement of medical Bills 10,000 for the treatment taken in private nursing home
- g) He is provided Rent Free furnished accommodation for which the company paid rent of ₹ 5,000 p.m. The cost of furniture provided is ₹ 1,00,000
- h) Free telephone is provided at his residence at a cost of ₹ 6,000
- i) Medical insurance of Mr. Pranesh paid by the company ₹ 600 per month
- j) Professional Tax paid by Mr. Pranesh is ₹ 200 p.m.

10. Mr. Paramesh is the owner of two houses, compute his income from house property for the A.Y. 2023-24.

Particulars	House – 1 (LOP)	House – 2 (LOP)
Municipal Rental Value	3,60,000	4,80,000
Fair rental value	3,84,000	5,28,000





Standard Rent	3,72,000	5,04,000
Actual Rent	4,08,000	5,40,000
Municipal Taxes	10% of MRV	10% of MRV
Repair charges	10,000	20,000
Collection charges	2,000	4,000
Fire Insurance premium	4,000	6,000
Interest on loan taken for construction	24,000	30,000

(For the P.Y. 2022-23)

The house is remained vacant for 2 months in respect of House – 2.

11. Mr. Arun is the owner of 2 houses in Bangalore, the particulars of which are given below.

Particulars	House – A (LOP)	House – B (LOP)
Municipal value	30,000	40,000
Fair Rent	36,000	30,000
Let-out (per month)	4,000	3,000
Construction completed	1/4/2020	1/6/2020
Repairs	–	5,000
Municipal tax paid by owner	3,000	–
Municipal tax due	–	4,000
Vacancy period	2 months	–

Arun took a loan of 3,00,000, @ 8.5% p.a. for construction of House B, date of borrowing loan is 01-07-2017. Compute taxable income from house property for the AY 2023-24.

SECTION – D

Answer any one of the following questions, question carries 8 marks. (1×8=8)

12. Compute taxable income from salary with imaginary figures (minimum 8 items).
13. Write any four agricultural and four Non-agricultural incomes.