

INTERNAL EXAMINATION ANSWER SHEET

Name of the student Ruella D'Souza

Roll No: 180283

Class II, B com B

Date 13/08/2019

Subject Business Taxation - I

No. of additional sheets used: 2

Signature of the invigilator: Reena

Signature of the student: Ruella

Question Numbers & Marks Table

Q No	a	b	c	d	e	f	g	h	i	total
1										
2										
3										
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11										
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13										
14										
15										
16										
Name and Signature of the Valuator										Grand Total <u>40/-</u>

Start writing from here

Particulars	(₹)	(₹)	(₹)
	OR	NOR	NR
a) Income from assets in Srilanka received in Mysore ₹20,000	20,000	20,000	20,000
b) Income from business in Madikeri managed in Japan ₹25,000	25,000	25,000	25,000
c) Income from services rendered in Kuvhalnagar, received in America ₹500,000	500,000	500,000	500,000
d) Profit from business in Pakistan deposited in a bank there ₹17,000	17,000	NT	NT

c) Income from possession in Kenya received there. The possession was managed from India ₹ 25,000	25,000	25,000	NT
f) Interest on China govt security half of which is received in India ₹ 70,000	70,000	35,000	35,000
g) Interest on Torane development bonds (1/10 received in Bombay ₹ 1,00,000)	1,00,000	10,000	10,000
h) Income from agriculture in Malaysia received there, but later on remitted to India ₹ 60,000	60,000	NT	NT
i) Income from property in Canada received outside India ₹ 30,000	30,000	NT	NT
j) Income earned from business in Singapore which is controlled from Madras (₹ 25,000 is received in India) ₹ 70,000	70,000	70,000	25,000
k) Profit on sale of building in India but received in Dubai ₹ 22,000	22,000	22,000	22,000
l) Income from Agriculture in Delhi ₹ 8,000	EXE	EXE	EXEMPT
m) Interest on POSB a/c 5000	1500	1500	1500
n) Gift from a friend received outside India ₹ 60,000	60,000	60,000	NT
o) Gift received on the day of wedding ₹ 75,000	EXE	EXE	EXE
∴ Total Taxable Income	₹ 1,00,050	₹ 70,850	₹ 63,850

5) II Not covered under the art.

Particulars	(₹)	(₹)
Actual gratuity received		250,000
(-) Exempt u/s 10 least of the following		
a) Actual gratuity received	250,000	
b) Standard limit	197,000	
(20,00,000 - 30,000)		
c) $\frac{1}{2}$ months salary based on		
10 2 months average salary for		
the completed years of service.		
$\frac{14164 \times 25 \text{ yrs}}{2}$	177050	177050
\therefore Taxable gratuity		<u>72950</u>

working note :-

Nov -

Oct

$$8500 \times 6 = 51000$$

Sep

$$8850 \times 4 = 35400$$

Aug

$$86400$$

July

$$- 8500 + 350$$

DA

$$30240$$

June

$$(86400 \times 35\%) = 25000$$

May

commission

$$141640$$

April

Mar

$$10$$

Feb

$$\Rightarrow 14164$$

Jan - 8500

$$\Rightarrow 8850 + \text{DA } (3098)$$

$$\Rightarrow \underline{11948}$$

II Covered under the art.

Particulars	(₹)	(₹)
Actual gratuity received		250,000
(-) Exempt u/s 10 least of the following		
a) Actual gratuity received	250,000	
b) Standard limit	197,000	

c) 15 days salary based on last drawn salary for the completed years of service
 $11948 \times 15 \times 25$ yrs.

172327 172327

08

∴ A for Taxable gratuity

77673

4) a) ~~As per~~ Income :-

Income refers to any receipts in monetary terms determined in any definite source. These includes the followings

- ① Any profits and gains
- ② dividend
- ③ Any capital gains
- ④ Any income from lotteries, horse race, betting etc.

b) Taxable commuted Pension
 I. If received gratuity.

Particulars	(₹)
Actual pension received	160,000
(-) Exempt under sec 10(10AA) $\frac{1}{3}$ of the commuted pension $160,000 \times \frac{1}{3}$	53333
∴ Total taxable commuted pension	<u>106667</u>

II If not received gratuity

Particulars	(₹)
Actual pension received	160,000
(-) Exempt u/s 10(10AA) $\frac{1}{2}$ of the commuted pension	80,000
∴ Taxable commuted pension	<u>80,000</u>

08

PAN

PAN refers to Permanent Account Number. PAN is a 10 digit alpha numeric number allotted by the Income Tax department to an assessee who applied for PAN in the form of 49 (A) of the section.

Decoding of PAN :-
PAN is a 10 digit number, first 5 digits are alphabets and next 4 digits are numbers and the last again an alphabet.

* The first three digits are random selection from AAA to ZZZ.

* The fourth digit refers to the status of PAN holder. If it is 'P' then he is a person or individual. If it is 'C' then it refers to a company. If it is 'H' it is a Hindu undivided family and 'F' means a firm.

* The fifth digit is a first letter of your name or surname.

* The next four digits are random selection from 1001 to 9999.

* The last digit is a formula based on the first 9 digits.

Importance of PAN :-

PAN is a mandatory requirement. It is a evidence or proof to the government, date of birth, railway tickets etc.

Who must have PAN :-

whose income exceeds the taxable limit and the business and professionals whose income exceeds ₹50,000. They must have

OH E+

PAN card. If they does not have PAN they have to pay ₹1000 penalty/fine.

- 3) ↓ 30/9/2012
- ↑ 5/10/2013
- ↓ 14/10/2013
- ↑ 03/07/2016
- ↓ 13/01/2018

AY = 2018 - 2019
 Previous year = 1/4/17 - 31/3/18
 (13/1/18 - 31/3/18)
 = 19 + 28 + 31
 ⇒ 78 days

I. condition does not satisfied.

- II ① 60 days → satisfied
- ② 365 days in the 4 years preceding the relevant previous year.

1/4/16 - 31/3/17 (1/4/16 - 03/07/16)
 ⇒ 30 + 31 + 30 + 3 ⇒ 94 day

1/4/15 - 31/3/16 → 365

1/4/14 - 31/3/15 → 365

1/4/13 - 31/3/14 (1/4/13 - 5/10/13)
 (14/10/13 - 31/3/14)
 ⇒ 30 + 31 + 30 + 31 + 31 + 30 + 5 ⇒ 188 day
 ⇒ 18 + 30 + 31 + 31 + 28 + 31 ⇒ 169 days

Total days = 451 days + 365 + 365
 ⇒ 1182 days

Condition satisfied

∴ Mr. Thomson is an ordinarily resident of India. Because he satisfies the basic condition of being in India for 60 days and 365 days in preceding relevant previous year and he is there for 1182 days. So he also satisfies

the additional conditions of being in India for 730 days in the 9 years preceding the previous year and 2 years out of 10 years preceding the relevant year.

2) Agricultural Income 2(1A).

As per Section 10(1) Agricultural Income is totally exempt from tax. If it satisfies the following conditions. Agricultural Income is considered because to ascertain the tax applicable to the non-agricultural Income. If it is applicable if their Income exceeding minimum limit (250,000/300,000/500,000) and agricultural Income ₹5000.

Agricultural Income 2(1A).

- ① Revenue or Income received from agricultural land.
- ② which is located in India
- ③ which is used for agricultural purposes.
- ④ Income from agricultural operations
- ⑤ Process which the produce are fit for the market.
- ⑥ Sale of such produce.
- ⑦ Income from agricultural farm house.

Features :

- ① Income received from land, which is situated in India, which is used for agricultural purposes like planting, cutting etc.
- ② Income from agricultural operations, process which the produce fit for the market.

like Tobacco, tea seeds etc.
③ Income from ^{sale of} agricultural produce by
the cultivator.
The cultivator sells the produce through
the intermediary or he himself sells
by opening a shop.

④. Income from farm houses must
satisfy the following conditions

- * The farm house is owned by the cultivator of the land
- * The farm house is situated so near the agricultural land
- * It is used as a store house
- * It is situated in a non-urban area

OK