



P.B. SIDDHARTHA COLLEGE OF ARTS & SCIENCE
Siddhartha Nagar, Vijayawada – 520 010
Autonomous -ISO 9001 – 2015 Certified

(An Autonomous college in the jurisdiction of Krishna University, Machilipatnam)

Commerce	22COHT34	2020-21	B.Com(Honours) TPP
-----------------	-----------------	----------------	----------------------------

INCOME TAX – I

SEMESTER: III

No of Credits: 4

Offered to: II B.com (Hon)(A&F)

Course type: Core (P)

Year of Revision: 2017

Semester: III

Hours taught: 75

Pre-requisite: The students opting for this Course should have some basic knowledge of tax. The student is expected to combine the learning across finance course like financial accounting and financial management.

Course objectives:

1. The objective of this course is to acquaint the students with basic principles underlying the provisions of Income tax laws so develop a sound understanding of the tax laws and accepted tax practices.
2. It will also provide Income tax rules pertaining to and application to different business situations and practical aspects of Income tax.

After completing this programme the students will be able to –

CO1: Impact knowledge on the provisions of income tax law and practice (**PO5**)

CO2: Acquire knowledge about tax rate schedule and residential status of an individual (**PO5**)

CO3: Enlist the ability of provisions of income from salary and its taxability (**PO5**)

CO4: The student can build an idea about income from house property and its taxability (**PO5**)

CO5: The student can acquire knowledge in calculation of business income and professional income (**PO5**)

Unit	Learning Units	Lecture Hours
I	Introduction to Tax Meaning of Tax - Direct taxes and Indirect taxes - Central and State powers of taxation -Direct taxes - Indirect taxes and its power to levy.	15
II	UNIT - II:Basic Concepts of Income Tax History of Income Tax law - Important definitions - Assessment year, previous year, Assessee, Person, Income tax - Determination of residential status of an Assessee - Relationship between residential status and incidence of tax (Problems) Income exempt from tax.Tax treatment of Agricultural Income.	15

III	UNIT –III Income from Salaries Basis of charge of salary income - Forms of salary – Allowances- Perquisites and their valuation - Deductions from Salary.	15
IV	UNIT - IV Income from House property: Basis of charge - Computation of income taxable under the head -Deductions allowed.	15
V	UNIT - V: Income under the head "profits and gains of business or profession": 15Hours Basis of charge - Basic principles for arriving at Business income - Specific deductions and allowances - Allowable depreciation (Problems) - computation of Income under “Profits and gains from Business or profession”	15

BOOKS RECOMMENDED:

1. Income tax - Law & Accounts By: Gaur& Narang Kalyani Publishers, New Delhi

Reference Text Books:

1. Direct Taxes ready reckoner – Dr. Vinod , K.singhania Taxmann,s
2. Income Tax Law &Accounts - Dr.S.P.Goyal , Sahithya Publications
3. Income Tax Law and Practice – V.P.Gaur and D.B.Narang.

Suggested Co-Curricular Activities:

1. Seminars on direct tax and Indirect tax
2. Quiz
3. Problem solving exercises
4. Practice and provisions of taxation
5. Visit a tax firm.
6. Guest lecture by Chartered Accountant
7. Examinations (Scheduled and surprise tests)

MODEL PAPER

INCOME TAX - 1

Commerce	COHT34A	2020-21	B.Com (Honours) TPP
----------	---------	---------	---------------------

SECTION-A

Answer any SIX of the following

6x2=12

- 1) Define Assessment year, previous year(CO1,L1)
- 2) Explain Central board of direct taxes(CO1,L1)
- 3) Define Assessee(CO1,L1)
- 4) Explain Not ordinarily resident(CO2,L2)
- 5) Explain House rent allowance(CO3,L2)
- 6) Explain Entertainment allowance(CO3,L2)
- 7) Explain Commutation of pension(CO3,L2)
- 8) What is Net annual value(CO4,L2)
- 9) Classify Deductions u/s 24(CO4,L4)
- 10) Classify Block of assets for depreciation (CO5,L4)

SECTION-B

Answer any FOUR of the following (4 problems and 2 theory questions)

4x12=48

- 1) Write about Exempted Incomes.(CO1,L1)
- 2) Smt. Lohitha submitted the following details of income for the previous year 17-18
 - I) Salary received in INDIA from a former employer of DUBAI rs.6,80,000
 - II) Income from business in HONGKONG but controlled from CHINA RS.1,62,000
 - III) Income from property in INDIA, but received in U.K RS.2,79,000
 - IV) Income from property in BANGLADESH, but received in PAKISTAN RS.15,50,000
 - V) Income from property in BANGLADESH, but received in INDIA RS.9,30,000
 - VI) Income from business in NEPAL, but controlled from INDIA RS.62, 000
 - VII) Income received from company deposit in SRILANKA (1/3rd received in INDIA) RS.1, 86,000
 - VIII) Income from business in JAPAN for the year 2009-10, remitted to INDIA during 2015- 16 RS.12, 40,000
 - IX) Profit from business in Gujarat, controlled from USA RS.6,20,000

Compute the total income if her residential status is:

 1. Resident and ordinary resident
 2. Resident but not ordinary resident
 3. Non-resident.(CO2,L3)

13) Mr. M. Marketing manager of a company was working in Hyderabad (population above 25 lakhs).He has been provided rent free house in Hyderabad hired by company at Rs.3500 p.m. on 1-10-2017 he is transferred to cochin (population 15 lakhs) where he is provided with company owned rent free house from 1-10-2017.He stayed at cochin whereas his family stayed on in Hyderabad till 29february 2018. Compute the value of rent free house for the year ending on 31-3-2018 from the particulars given below:

Salary	Rs.30,000 p.m
Project allowance	Rs.2,000 p.m
Bonus (it include gratuitous bonus of Rs.15,000)	Rs.80,000
Commission on turnover achieved by him	Rs.24,500(CO3,L1)

14) From the following particulars calculate Income from house property .(CO4,L3)

Particulars	House-1	House -2
Municipal value	8,000	20,000
Annual rent	Self-occupied	32,000
Local tax	1,600	4,000
Repairs charges	1,000	3,000
Insurance premium	50	200
Interest on loan for construction	1,180	1800
Unrealized rent(2014-15)	----	3000
Vacancy period	---	3Months

15). Write about various types of provident funds.(CO3,L1)

16). Smt. Sindhu is the owner of a business. From the following Profit & Loss A/c Compute income under the head Profits & Gains of business:

Profit&Loss a/c for the year ending 31-3-2018.(CO5,L1)

Particulars	Rs	Particulars	Rs
To Salaries	83,000	By Gross profit	7,05,000
To Proprietor salary	10,000	By Rent	50,000
To Taxes & insurance	5,200	By Interest on bank deposits	10,000
To Advertisement	1,05,000	By Bad debts recovered	5,000
To Lighting	11,100	(out of this 3,000 is disallowed earlier)	
To Cost of goods given under Warranty claims	7,500	By Export incentive received	37,500
To life insurance premium	3,200		
To Bad debts	2,500		
To Provision for doubtful debts	3,000		
To Interest on loan	16,000		
To Interest on capital	8,000		
To Penalties for violation of sales tax provisions	5,000		
To Depreciation	18,000		
To Net profit	5,30,000		
	8,07,500		8,07,500

SECTION-C (UNIT-3)

Answer the following

1x15=15 marks

17) Sri. Sreenivas, a central government employee, received the following emoluments:

Basic pay RS.35,000 per month; DA RS.15,800 p.m

Entertainment allowance RS.6,000 p.a he received education allowance for his son RS.1,000 p.m. he is provided laptop costing RS.50,000, small motor car, driver salary RS.10,500 p.m. his construction to SPF 12% off salary and 10% by employer. Interest credited to SPF @8.5 is RS. 3,200.the employer presented gifts worth RS.11,000. The employer paid club membership fees RS.13,800 for him and his family members. He paid professional tax RS.3,200

Compute his income from salary for the assessment year 2018-19 .(CO2,L4)