INCOME FROM BUSINESS / PROFESSION

-E1 X (age : 34 years) furnishes the following informations relevant for the A.Y. 2020-21: ~~2019-20~~

P & L A/c for the year ending March 31, 2020

	Rs		Rs
Household expenses ..	11,200	Gross profit ..	5,69,000
Bad debts ...	600	Commission ...	5,000
Provision for bad debts ..	4,800	Sundry receipts ..	8,000
Fire insurance ..	1,000	Interest on investment	11,000
Salary to:		Bad debt recovered (earlier allowed as deduction)	2000
– Staff ..	2,08,000	Interest on securities (gross)	6,000
– X ..	3,000		
– Cont. to URPF	32,000		
Interest on			
– Overdraft taken for payment of sales tax ..	6,000		
– Capital of X ..	13,000		
– Loan given by X's brother ..	1,000		
Depreciation on building & furniture ..	13,600		
Advertisement :			
– Revenue expenditure	3,800		
– Capital expenditure on a sign board	1,000		
General expenses ..	4,700		
Net profit ...	297,300		
	601,000		601,000

Other information:

1. General expenses include medical expenses of X Rs 1,700.

2. Income of Rs 3,000 accrued during the P.Y. ending March 31, 2020 is not recorded in the P & L A/c

3. X contributes Rs 4,000 annually towards P.P.F.

4. Depreciation on building, furniture and sign board comes to Rs 3,000 according to tax provisions.

Determine the taxable income and tax liability of X for the A.Y. 2020-21

(Rs 373,600 ; NIL)

19720

INCOME FROM BUSINESS / PROFESSION

99-E2

X, a resident individual, (age: 53 years) furnishes the following particulars for the previous year relevant to the assessment year ~~2019-20~~ 2020-21:

Profit & Loss A/c for the year ending March 31, 2020:

	Rs		Rs
Salary to staff	13,000	Gross profit	4,49,700
Staff welfare expenditure	6,000	Sundry receipts	4,400
General expenses	6,500	Short-term capital gains	3,000
Bad debts	3,000		
Advance tax paid	400		
~~the Asst. year~~ Fire insurance	4,000		
Advertisement expenses	11,000		
Interest on X's capital & loan	3,600		
Expenditure on acquisition of copyright (incurred on 1-3-2020, put to use on 1-4-2020)	2,800		
Lump-sum consideration for acquiring know-how (incurred on 1-3-2020, put to use on 1-4-2020)	12,000		
Depreciation on business assets	6,000		
Provision for income-tax	2,000		
Contribution to a political party	1,000		
Net profit	385,800		
	4,57,100		Rs 4,57,100

Other information:

1. Salary to staff includes salary paid to a relative which is unreasonable to the extent of Rs 3,400.
2. Advertisement expenses include Rs 8,000, being cost of 8 diaries ~~brief cases~~, presented to the customers.
3. Depreciation according to income-tax provision comes to Rs 9,600.
4. Provision for income-tax is excessive to the extent of Rs 600.
5. During the year, X has purchased NSC VIII issue of Rs 10,000.

6. General expenses include an expenditure of Rs 1780 ~~Rs1780~~ for arranging a long-term loan.

7. During the previous year 2019-20, the following payments are made:

(a) Rs 7,000 paid on May 5, 2019 on account of outstanding ~~sales tax~~ customs duty of the previous year 2018-19.

(b) Rs 5,000 paid on ~~Dec~~ January 3, 2020 on account of outstanding sales tax of the previous year 2018-19.

Find out the taxable income (net of advance tax) of X for the assessment year 2020-21.

(Ans 3,91,050)