

## EXAMINATION QUESTIONS

To Bonus payable to employees	5,000		
To Provision for GST	25,000		
To Municipal taxes for staff quarters	4,000		
To General reserve	5,000		
To Entertainment expenses	6,000		
To Net Profit	6,27,900		
	<b>103,53,500</b>		<b>103,53,500</b>

Mr. X has not opted for presumptive taxation of Income u/s 44AD. You are required to compute Tax Liability after taking the following into consideration:

- Purchases include a purchase of ₹ 20,100. Its payment was made by a bearer cheque and also includes a purchase from a relative of ₹23,000 and the payment was made in cash and market price of the purchases is ₹22,000.
- Factory rent, rates and taxes includes municipal tax of the factory building, which was paid on 31.07.2024.
- Assessee has always valued the stocks at cost price but since 2023-24 he has valued it at market price, which was in excess of the cost price by 10%.
- Office salaries paid include ₹12,400 to the proprietor of the business.
- Diwali expenses include gifts of ₹1,000 made to the relatives.
- The written down value of the block consisting of machinery as on 01.04.2023 is ₹ 59,000
- The written down value of the block consisting of factory building as on 01.04.2023 is ₹ 85,000. An addition was made to building on 01.08.2023 at a cost of ₹12,000.
- Service charge for air-conditioner were paid in two instalment of ₹10,000 and ₹1,000 on **10.01.2024** and 11.01.2024 in cash.
- Employer's contribution was made through an account payee cheque on 10.04.2024 **and the cheque realised on 20.04.2023** and the due date for the purpose of provident fund was 15.04.2024.
- Computer was purchased on 31.03.2024 and it was put to use on 31.03.2024.

**Answer** = Tax Liability: Nil

**Problem 31:** Mr. X, aged 75 years, has submitted his profit and loss account for the year ending 31.03.2024 as given below:

Particulars	Amount (₹)	Particulars	Amount (₹)
Opening Stock	13,50,000	Sales	105,00,000
Purchases	75,00,000	Gift from friend	1,200
Franchises	1,00,000	Bad debts recovered	2,900
Advertisement	9,000	Rental income from House Property	1,40,000
Income Tax of previous year 2021-22	7,000	Income tax refund	700
Income tax (advance)	1,200	Dividends from a foreign company	3,000
Addition to the office building	45,000	Closing stock	1,80,000
Investment in public provident fund	70,000		
Net Profit	17,45,600		
	<b>108,27,800</b>		<b>108,27,800</b>

**Additional information:**

- Opening and closing stocks are undervalued by 10%.
- Franchises were purchased on 01.07.2023 and were put to use on 03.10.2023.
- Advertisement expenditure relates to a neon sign board which was purchased and put to use on 01.08.2023.
- Office building has written down value of ₹56,00,000 as on 01.04.2023 and addition was made to the building by constructing additional room on the roof. Construction was completed on 01.11.2023 and it was put to use on the same date. The expenditure of ₹45,000 includes cost of wiring and switches of ₹4,500. No depreciation has been debited with regard to the building.