

- Net profit from a business run by his wife of Rs. 100,000
- Interest received on money lending transaction of Rs. 20,000
- Remuneration on a part time job in a campus of Rs. 5,000 p.m.

He claimed the following expenses for deduction:

- A bad debts of Rs. 2,000 and depreciation of Rs. 2,000 on furniture have not been charged in the above net profit.
- Collection cost of interest Rs.500.
- Life insurance premium Rs. 10,000 on a public park Rs. 10,000.

Required: ① Net income from remuneration ② Net income from Business and other sources
③ Statement of total income [3+3+2]

49. 2059 (F) Q. No. 5

Mr. Gurung works as a lecturer in a campus. He submitted the following particulars of his income for the previous year.

Salary	Rs. 8,000 p.m.
Dashain bonus one month salary	
Interest on taxable government security	Rs. 10,000

He claimed the following expenses for deduction (gross):

Contribution to recognized provident fund 10%	
Life insurance premium Rs. 3,000 on a policy of Rs. 10,000	
Interest collection charges Rs. 200	

Required: ① Net income from remuneration ② Statement of Total income ③ Tax payable by him [2+2+1]

50. 2059 (F) Q. No. 9

Mrs. Rana, a receptionist in a hotel, submitted the following particulars of her income for the previous year.

- Salary Rs. 10,000 p.m.
- Bonus equal to one month salary
- Reward from Tourist for providing better service Rs. 30,000 during the year

She claimed the following expenses for deduction:

- Contribution to provident fund 10% of salary.
- Donation to a public library Rs. 10,000
- Life insurance premium on a policy of her son Rs. 4,000

She agrees the reward received from tourists should be tax free income as tourist industry in an industry in Nepal.

Required: ① Statement of total income ② tax payable by the assessee [4+1]

51. 2059 (F) Q. No. 10

Mr. Rajendra is an employee of a limited company appointed six years ago has submitted the following statement of incomes and expenditures of previous year:

- Pay scale 9000-250-1150 EB 300-13900
- Dearness allowance 20% of basic pay.
- Entertainment allowance of Rs. 300 p.m.
- Remote area allowance of Rs. 500 p.m.
- Medical expenses Rs. 6,000 p.a.
- Salary of his servant provided by the Co. of Rs. 1,500 p.m.
- Bonus equal to three months salary.
- Income received from writing articles of Rs. 5,000

He claimed the following expenses for deductions:

- Contribution to Provident Fund 12% of his salary and company also contributed and equal amount.
- Life insurance premium of his own (on policy amount of Rs. 100,000) Rs. 6,500.
- Life insurance premium of his wife (on policy amount of Rs. 90,000) Rs. 6,000
- Charity to his relatives of Rs. 10,000
- Stationery purchased to write articles of Rs. 250.

Required: ① Net income from remuneration ② Statement of total taxable income

[5+2]

52. 2059 (F) Q. No. 12

Mr. Kumar is an Office Secretary of a NGO. He disclosed the following particulars of his income for the previous year ended 31st Ashadh.

- | | |
|--|-----------------|
| i. Salary | Rs. 15,000 p.m. |
| ii. Project allowance 40% of salary | |
| iii. Meeting fees (net) | Rs. 5,400 |
| iv. Education expenses of his two sons paid by Rs. 2,000 p.m. each employer | |
| v. Life insurance premium paid by the employer Rs. 7,000 for the insured sum of Rs. 70,000 on the life of his son. | |
| vi. Income from interest | Rs. 30,000 |

He claimed the following expenses for deduction:

- Contribution to an unrecognised provident fund 10% of salary
- Interest collection charge Rs. 2,000

Required: Net income from remuneration

[5]

53. 2058 (C) Q. No. 4

Mr Gurung, a lecturer in the Nepal Law Campus submitted the following particulars of his income and expenditure for the previous year.

Income from Remuneration:

- Salary Rs. 8,000 p.m.
- Head of the Dept. Allowance Rs. 500 p.m.
- Contribution to Provident fund 10%

Income from Profession:

- Income from the Law Firm Rs. 150,000
- Expenses for stationeries Rs. 10,000
- Purchase of computer Rs. 50,000

Income from other sources:

- Dividend from the domestic company Rs. 5,000
- Dividend from Indian company Rs. 10,000
- Collection charges of Rs. 150 each paid to the bank to collect both dividends.

[6+2]

Required: (a) Statement showing total taxable income (b) Tax liability of the assesses

54. 2058 (C) Q. No. 5

Mr. Basnet is a joint Secretary in HMG service. He furnished the following particulars of his income for the previous year:

Salary	Rs. 10,500 p.m.
Dearness allowance	Rs. 1,200 p.m.
Medical allowance	Rs. 500
TADA in connection with transfer	Rs. 18,000
Education expenses paid for his children	Rs. 12,000
Advance salary received	Rs. 15,600
Interest on provident fund	Rs. 8,000
Amount received in the form of reimbursement in connection with education expenses	Rs. 10,000

Required: Taxable income of Mr. Basnet.

[5]

55. 2058 (C) Q. No. 9

Mr. Sharma, professor of Accountancy, in Tribhuvan university, Nepal retired on 1st Baishakh last year. He submitted the following particulars of his income during the previous year.

Salary	Rs. 15,800 p.m.
Dept. Head allowance	Rs. 1,200 p.m.
Dearness allowance	Rs. 500 p.m.
Income from examinership	Rs. 8,000
Prize from a lottery	Rs. 2,000
Refund of provident fund	Rs. 380,000

Payment in lieu of sick leave	Rs. 105,600
Royalty from two books	Rs. 80,000
Interest on fixed deposit	Rs. 7,000

He has claimed the following expenses:

Transport expenses	Rs. 500 p.m.
Medical expenses	Rs. 2,000
Life insurance premium Rs. 8,000 on his policy of Rs. 175,000.	
Purchase of books and periodicals	Rs. 2,000

Required: ① Net income from remuneration ② Statement of total income

[6+2]

56. 2058 (C) Q. No. 11

The following are the incomes and expenditures shown by Mr. Shukla for the previous year. He is an Accountant by profession.

a. Net salary received	Rs. 76,800
b. Contribution to provident fund 10%	Rs. 9,600
c. Tax deduction at source 10%	9,600
d. Dearness allowance	500 p.m.
e. House rent allowance	1000 p.m.
f. Telephone charge paid by the employer	200 p.m.
g. Vehicle facility along with petrol expenses	400 p.m.

He claimed the following expenses:

- Vehicle expenses Rs. 500 p.m.
- Donation to a school Rs. 3,500
- Life insurance premium Rs. 100 p.m. on a policy of Rs. 30,000 of his son.

Required: Statement of net income remuneration for the relevant assessment year.

[5]

57. 2058 (F) Q. No. 5

Mr. S. Gurung furnishes the following particulars of his income for the previous year.

Salary, received from government service	Rs.60,000
Amount received on Golden Handshake scheme	440,000
Rent received from a plot of land let out for open motor garages	15,000
Dividend from an Indian company of 500 shares of Rs. 100 each 80% paid up.	
Agriculture income received from:	
India	15,000
Nepal	40,000
Dividend from Nepal Bank Ltd.	55,000
	1,000

He claimed the following expenses for deductions:

- Collection charge to collect rent from land 200
- Bank charges to collect dividend 500
- Collection and bank charges in respect of collecting agriculture income and dividend from India were Rs. 2,000 and 150 respectively.
- Tax paid in India in respect of dividend was 200

Required: Taxable income of Mr. Gurung.

[5]

58. 2058 (F) Q. No. 9

Mr. Shrestha, Accounts Manager, of RNAC furnished the following details of his income during the previous year:

Salary	Rs. 8,000 p.m.
Manager-ship allowance	Rs. 1,000 p.m.
Children education allowance	Rs. 3,000 p.m.
Entertainment allowance	Rs. 4,000 p.m.
House rent allowance	Rs. 2,500 p.m.

He is a member of a Recognized Provident Fund and contributes 10% of his salary. The employer contributes 12%.

He is a member of Airlines Employee Association and has membership fee of Rs. 1000; later it was reimbursed from the employer.

He had led a delegation to an International Uniform Accounting Conference and had received the following allowances:

- Dress allowance Rs. 6,000
- Pocket allowance Rs. 8,000
- Leader allowance Rs. 5,000
- Travelling and daily allowance Rs. 20,000

He claimed the following expenses for deduction:

- Purchase of books and accounting periodicals Rs. 4,000
- Payments of life insurance premium of his own Rs. 15,000 the amount of policy being Rs. 200,000.
- Payment for the premium of his son Rs. 8,000 on a policy of Rs. 100,000.
- Donation to Bir Hospital Development Board Rs. 50,000

Required: ① Net income from remuneration ② Statement of total taxable income.

[5+3]

59. 2058 (F) Q. No. 11

Mr. Burma, a Senior Officer of National Trading Ltd. furnished the following incomes and expenditures of the previous year:

Income	Rs.	Expenditure	Rs.
Salary	6,000 p.m.	Household expenses	5,000 p.m.
Dearness allowance	300 p.m.	Purchased of books	1,000
Vehicle allowance	500 p.m.	Vehicle expenses	400 p.m.
Telephone allowance	150 p.m.	Telephone expenses	200 p.m.
Business promotion expenses provided by the employer	40,000	Promotion expenses incurred, with having supporting documents	42,000

He is a member of Recognised Provident Fund where he has contributed 10% of his salary. He paid Rs. 10,000 donation to a Football Club.

Required: Net income from remuneration for the relevant assessment year.

[5]

60. 2057 (C) Q. No. 4

Mr. Mahat works as a Purchasing Officer in a reputed firm. The following is the particulars of his income submitted to income tax office for the previous income year:

a. Salary per month	Rs. 8,000
b. Allowance per annum	
i. Education allowances of children	Rs. 7,200
ii. Entertainment allowances	Rs. 12,000
iii. Medical allowance	Rs. 6,000
iv. Tiffin facilities	Rs. 4,000
c. Bonus equal to two months salary	
d. Commission on purchases	Rs. 25,000

He claimed the following expenses for deduction:

i. Contribution to Recognized Provident Fund	Rs. 11,500
ii. Taxi fare for collection of commission	Rs. 2,500
iii. Rent paid to owner of house (on query he disclosed that he had hired this house last year but had subletted at a monthly rent of Rs. 10,000)	
iv. Donation to P.M. Relief Fund	Rs. 10,000

Required: (a) Statement of total income (b) Tax liability

[6+2]

61. 2057 (C) Q. No. 9

Mr. Poudyal is a reader in a university campus. The following are the details of his income for the previous year.

- i. Basic salary Rs. 7,300 p.m.
- ii. Local allowance Rs. 300 p.m.
- iii. Chairmanship allowance Rs. 350 p.m.
- iv. Remuneration for acting as an examiner/paper setter.
- From Tribhuvan University Rs. 10,000

- From Higher Secondary Board Rs. 6,000
- From Royal Nepal Airlines Rs. 2,000

He claims for deduction:

a. Purchase of books	Rs. 10,000
b. Maintenance cost of vehicle	Rs. 6,000
c. Life insurance premium on a policy of Rs. 200,000	Rs. 15,000

Required: (a) Net income from remuneration (b) Statement of total income

[6+2]

62. 2057 (C) Q. No. 11

Mr. Gurung works as an office secretary in a private firm. He furnished the following details of his income for the previous year:

a. Salary	Rs. 8,000 p.m.
b. Contribution to provident fund 10% and an equal amount is contributed by the employer	
c. Interest on provident fund	Rs. 1,200
d. Bonus	Rs. 2,500
e. Interest received from loan provided to different people	Rs. 4,000

He claimed the following expenses:

a. Life insurance premium on a policy of Rs. 150,000	Rs. 10,510
b. Vehicle expenses	Rs. 800 p.m.
c. Remuneration to servant	Rs. 200 p.m.
d. Provident fund is recognised since 1 st Magh in the previous year only. Contribution made to the provident fund before that date was unrecognised.	

Required: Net income from remuneration.

[5]

63. 2057 (F) Q. No. 4

Mr. Shah works as a lecturer in a private campus in Kathmandu. He submitted the following particulars of his income for the previous year ended 31st Ashadh.

Salary	Rs. 10,000 p.m.
Bonus equal to one month salary as Dashain Kharcha	
Award for regularity	Rs. 5,000
Interest on Debenture	Rs. 15,000

He claimed the following expenses for deduction:

- Contribution to recognised Provident fund 8% of salary
- Collection charge on interest Rs. 1,000
- Vehicle maintenance cost Rs. 300 p.m.
- Purchase of book purely for his job Rs. 10,000

Required: ① Statement of total taxable income ② Tax liability

[6+2]

64. 2057 (F) Q. No. 9

Mr. Bhattarai is appointed as a Director in Nepal Handicraft Industry on 1st Shrawan two years ago at a salary scale of Rs. 7500-200-Rs. 9500. The other details of his incomes are as follows:

• Local allowance	10% of basic salary
• House rent allowance	20% of current salary
• Remuneration received for conducting examination work from different corporations.	Rs. 3,000 (gross)
• He is a member of Statutory Provident Fund	
• Medical expenses borne by employer	Rs. 10,000

He claims following expenses for education:

• Purchased or periodicals	Rs. 2,000
• Insurance premium on his own policy Rs. 200,000	Rs. 5,000
• Actual expenses paid on his treatment	Rs. 20,000

Required: ① Net income from remuneration ② Statement of total income

[6+2]

65. 2057 (F) Q. No. 11

Mr. Rai is a senior administrative officer in a reputed firm since 5 years. His pay scale is Rs. 8000-200-10,000. He furnished the following particulars of his income and expenditure for the previous year.

Salary plus four grades	Rs. 8,800 p.m.
Dearness allowances	Rs. 500 p.m.
Business promotion allowances	Rs. 5,000
Bonus equivalent to 2 months basic salary	
Rent free accommodation by the employer, rent prevailing to such accommodation in that locality is Rs. 2,500 p.m.	
Amount received for cross work puzzle is Rs. 20,000	

He claims for deduction as expenses:

Education expenses of two sons	Rs. 5,000 p.m.
Vehicle expenses	Rs. 800 p.m.
Contribution to recognized provident fund	
Collection expenses of prize	Rs. 400

Required: Net income from remuneration

[5]

66. 2056 (C) Q. No. 4

Mr. Thapa is a school teacher. He has submitted the following sources of income during the previous year.

i. Salary	Rs. 3,600 p.m.
ii. Best Teacher Award	Rs. 2,000
iii. Gain on sale of land	Rs. 10,000
iv. Net profit from business run by his wife	Rs. 30,000

Expenses claimed for deduction:

Donation	Rs. 2,000
Contribution to Provident Fund	10%

Required: (a) Statement of Total Taxable Income (b) Tax liability

[5+3]

67. 2056 (C) Q. No. 9

Mr. Upadhyaya is a Reader in Tribhuvan University appointed 4 years ago on 1st of Shrawan with a basic salary of Rs. 5,880-70-6580. Besides, salary he receives.

- Dearness allowances 10% of current salary.
- Telephone allowance Rs. 200 p.m.
- Department head allowance Rs. 350 p.m.
- Transport allowance Rs. 300 p.m.

He is a member of Recognized Provident Fund and contributes 10% of the salary. He spent Rs. 800 for Transport and Rs. 250 for Telephone bill respectively. He also received Rs. 12,000 for examining answer books and Rs. 2,000 as paper setter for various level of examinations.

He received Rs. 60,000 from consultancy services and Rs. 2,000 as gifts from the client. He paid donation of Rs. 20,000 to various Students' Union and also paid Rs. 12,000 as life insurance premium of his own on a policy of Rs. 150,000. Tax paid in advance is Rs. 3,000.

Required: Total Taxable income for the relevant assessment year and his tax liability. [4+2+2]

68. 2056 (C) Q. No. 11

Mrs. Raman Rana is a local staff in Japanese Embassy and was appointed five years ago. He declared the following income for the previous year.

(i) Salary	Rs. 9,000 p.m.
(ii) Dearness allowance	Rs. 1,000 p.m.
(iii) Transport allowance	Rs. 1,000 p.m.
(iv) Telephone bill paid by the employer	Rs. 3,000
(v) His two children study in a school run by the Indian Embassy. The tuition fees costing Rs. 2,000 p.m. each are paid by the employer.	
(vi) Gifts from the embassy for performing job efficiency Rs. 10,000	
(vii) Contribution to Provident Fund 8%	

- (viii) Life insurance premium of Rs. 8,000 on a policy of Rs. 100,000 (5% of paid by the employer)

Required: Total net income for the relevant assessment year.

[5]

69. 2056 (F) Q. No. 4

Mr. Gopal works as a room attendant in a local 3 Star hotel. He submitted the following particular of his income for the previous year.

Salary for regular work	Rs. 6,000 p.m.
Tips received from the customers/visitors	Rs. 12,000
Rent received by subletting the rental house (actual amount of rent paid was Rs. 60,000)	Rs. 84,000
Interest on investment	Rs. 2,000

He claimed the following expenses for deduction:

Rs. 350	As taxi fare collection of tips
Rs. 6,000	As commission to Mr. Mohan for subletting the house
Rs. 3,000	As interest collection charges

Required: ① Statement of Total Taxable Income ② Tax liability

[5+3]

70. 2056 (F) Q. No. 11

Mr. Lama, a school teacher provided the following particulars of his income for the previous year.

Salary	Rs. 4,800 p.m.
Contribution to provident fund	10%
Interest on provident fund	Rs. 1,200
Examiner-ship remuneration	Rs. 2,000
Bonus from school	Rs. 1,000

He claims the following expenses:

- Life insurance premium Rs. 2,000 on a policy of Rs. 30,000
- Vehicle expenses Rs. 8,000
- Children education expenses Rs. 10,000
- Purchase of rice Rs. 8,000

Required: Net income from remuneration for the relevant assessment year.

[5]

71. 2056 (F) Q. No. 12 OR

The following are the income of Mr. Ganesh for the pervious year:

- i. Salary Rs. 4,000 p.m.
- ii. Dearness allowances Rs. 200 p.m.
- iii. Amount received for equipments let out Rs. 30,000
- iv. Rent from the house let out Rs. 50,000
- v. Rent from furniture let out Rs. 8,000
- vi. Income from agriculture (the land is located in India) Rs. 6,000
- vii. Profit on business, received from Hong Kong Rs. 40,000
- viii. Dividend from insurance company of India (gross) Rs. 6,000

He claims the following expenses for deduction:

- Education expenses of his son Rs. 15,000
- Bank commission paid in connection to collect rent Rs. 400
- Commission to an agent to collect money by selling agri-product from India Rs. 1,000
- Repair expenses of equipments. Rs. 500

Required: Net income from employment.

[5]

9. INCOME FROM BUSINESS

THEORETICAL QUESTIONS

1. 2064 (Old) Q.No. 3

State in brief the provision about donation paid to tax exempt organization.

[3 + 2]

2. 2062 (C) Q.No. 3

Explain the provisions regarding to donation as per Income Tax Act. Give any two examples of exempt organization. [3+2]

3. 2061 (F) Q. No. 9

What do you mean by donation to tax exempt organizations. State the provision mentioned under section 12 of Income Tax Act, 2058.

4. 2060 (C) Q. No. 2

Write in brief the provision regarding philanthropic purpose under Income Tax Act, 2031. [5]

5. 2057 (C) Q. No. 1 OR

Give the meaning of 'current repair'. Are all current repairs allowed for deduction? State the conditions when 'repairs' are not allowed for deduction. [1+2+2]

6. 2056 (C) Q. No. 12

Define the term 'philanthropic work' state the provisions relating to 'philanthropic work' in income Tax Act. [3+2]

7. 2056 (F) Q. No. 6

What do you mean by 'bonus' in income tax? What are the provisions in NIT Act relating to bonus? Illustration, how bonus is calculated with a suitable example? [1+2+2]

NUMERICAL QUESTIONS**8. 2069 Q.No. 11**

The following is the receipts and payments account of a lawyer for the previous year:

Receipts and Payments Account			
Dr.	Rs.	Cr.	Rs.
To Balance c/d	40,000	By Office rent	85,000
To Consultation fees	200,000	By interest on loan	30,000
To Dividends	38,000	By Travelling expenses	25,000
To Legal fees	150,000	By Office expenses	50,000
To Examiner's fees.	10,000	By Salary to staff	60,000
To Interest on investment (net)	85,000	By Income tax	10,000
To Loan from bank	300,000	By Balance c/d	563,000
	823,000		823,000

Additional information:

- Office rent includes Rs. 10,000 repair of office furniture and Rs. 20,000 education expense of the son.
- Office expenses include Rs. 5,000 interest collection charge.
- Income tax includes Rs. 5,000 membership fee paid to the Nepal Bar Association.
- Allowable amount of depreciation was Rs. 40,000

Required:

- Net (Assessable) Income from Profession.
- Statement of Total Taxable Income

[5+2=7]

9. 2069 Q.No. 16

Mr. Santosh, a trader furnished following Trading and Profit and Loss Account for the previous year:

Trading and Profit & Loss Account			
Dr.	Rs.	Cr.	Rs.
To Opening Stock	45,000	By Sales	2,500,000
To Purchase	500,000	By Closing Stock	90,000
To Carriage	60,000		
To Wages	200,000		
To Gross profit c/d	1,785,000		
	2,590,000		2,590,000

To Salary	250,000	By Gross profit b/d	1,785,000
To Rent and taxes	180,000	By Rent from staff quarter	35,000
To Bad debts	20,000	By Interest from investment	60,000
To General reserve	150,000	By Refund of income tax	20,000
To Pollution control cost	150,000	By Sundry income	100,000
To Office expenses	300,000		
To Repairs	40,000		
To Depreciation	70,000		
To Sundry expenses	140,000		
To Net Profit c/d	700,000		
	2,000,000		2,000,000

Additional information:

- Opening as well as closing stock were under valued by 10%.
- Refund of income tax includes Rs. 5,000 as refund of custom duty..
- Allow repairs to Pool 'B' and 'D' assets equally. Depreciation base of Pool 'D' asset was Rs. 200,000
- Sundry expenses include Rs. 40,000 cost of patent right with life period of 5 years 5 months. Charge depreciation as per rule.
- Office expenses include Rs. 115,000 donation and Rs. 10,000 medical expenses.

Required:

- Net (Assessable) Income from Business
- Net (Assessable) Income from Investment
- Statement of Total Taxable Income
- Tax Liability (assuming individual status)

[10+1+2+2=15]

10. 2069 Q.No. 16 Or

Given the below is the Income and Expenditure Account of an auditor for the previous year:

Expenditures	Rs.	Incomes	Rs.
To Staff salary	200,000	By Consultation fees	200,000
To Office rent	100,000	By Audit fees	500,000
To Repairs	50,000	By Income from writing articles	20,000
To Travelling expenses	20,000	By Commission	50,000
To Personal expenses	15,000	By Rent from other personal property	70,000
To Depreciation	25,000	By Examiner's fees	15,000
To Donation	20,000	To Gifts from clients	10,000
To Interest on loan	30,000	By Interest from investment (net)	85,000
To Income tax	15,000	By Miscellaneous income	30,000
To Loss of last year	35,000		
To Miscellaneous expenses	40,000		
To Excess of income over expenditure	430,000		
Total	980,000	Total	980,000

Additional information:

- Miscellaneous expenses include cost of computer Rs. 30,000. Provide depreciation as per provision.
- Office rent include interest collection charge of Rs. 5,000 and medical expenses of the proprietor Rs. 5,000.
- Interest on loan includes Rs. 10,000 and Rs. 5,000 for the loan taken to purchase computers and to pay income tax respectively.
- Repair expenses include Rs. 10,000 for the repairs of newly purchased computer.
- Loss of last year includes Rs. 10,000 loss from investment.

Required:

- Net (assessable) income from profession

- ② Net (assessable) income from investment
 ③ Statement of total taxable income
 ④ Tax liability

[10+1+2+2=15]

11. 2068 Q.No. 12

Given below is the receipts and payments account of Mr. Gauchan, a sculpture by profession for the previous year:

Receipts	(Rs.)	Payments	(Rs.)
To Balance b/d	100,000	By Household expenses	160,000
To Sale of statues	300,000	By Cost of goods purchase for professional work	70,000
To Fees from running the training school	200,000	By Salary of staff	160,000
To Consultation fees	250,000	By Purchase of car	400,000
To Miscellaneous income	10,000	By Income tax	20,000
To Dividend from SBI Bank after TDS	30,000	By Dividend collection cost	1,000
		By Car expenses	12,000
		By Office expenses	30,000
		By Balance c/d	37,000
	890,000		890,000

Additional information:

- Car was purchased on Falgun 1, previous year. It was used equally for personal as well as professional purpose.
- Value of tools & equipments at the opening date was of Rs. 200,000. Depreciation on the assets is to be charged.
- Professional loss of the previous year was Rs. 10,000.

Required: (a) Net (assessable) income from profession (b) Statement of total taxable income

[5+2]

12. 2068 Q.No. 16

Given below is the Trading & Profit and Loss Account of a trade for the previous year ended 31st Ashad.

Dr.

Trading and Profit & Loss Account

Cr.

Particulars	(Rs.)	Particulars	(Rs.)
To Opening stock	1,000,000	By Sales	3,900,000
To Purchases	2,500,000	By Closing stock	920,000
To Wages	100,000		
To Gross profit c/d	1,220,000		
	4,820,000		4,820,000
To Salary to staffs	420,000	By Gross profit b/d	1,220,000
To Rent of godown	200,000	By Commission received	30,000
To Stationeries	20,000	By Dividend from Nepal Bank Ltd. After TDS	47,500
To Entertainment	5,000	By Miscellaneous incomes	19,500
To Audit fees	10,000	By Rent from house let-out after TDS	60,000
To Discount	20,000	By Rent from agriculture land let-out	50,000
To Depreciation:			
Machinery	30,000		
Vehicle	20,000		
Furniture	<u>10,000</u>		
	60,000		
To Bad debts	10,000		
To Repairs of machinery	62,000		

To Pollution control cost	300,000		
To General reserve	100,000		
To General reserve	100,000		
To Income tax in advance	40,000		
To Donation	100,000		
To Interest on loan	40,000		
To Net profit c/d	40,000		
	1,427,000		1,427,000

Additional information:

- Purchases include Rs. 99,000 purchase of furniture for business purpose on Magh previous year.
- Wages of Rs. 5,000 was outstanding.
- Value of machinery and vehicle at opening date were Rs. 800,000 and Rs. 500,000 respectively. No furniture were there on opening date.
- 50% of bad debts were allowed for deduction.
- Donation was paid to Cricket Association of Nepal.
- Closing stock was overvalued by 15%.

Required: (a) Net (assessable) Income from Business (b) Net (assessable) Income from Investment (c) Statement of Total Taxable Income [10+2+3=15]

13. 2068 Q.No. 16 OR

The following Receipts and Payments Accounts of an auditor is given below:

Receipts and Payments Accounts
For the previous year

Receipts	(Rs.)	Payments	(Rs.)
To Balance b/d	70,000	By Office salaries	120,000
To Audit fees	650,000	By Office expenses	90,000
To consultancy fees	250,000	By Office rent	25,000
To Commission relating to audit work	20,000	By Car expenses	16,000
To Interest on fixed deposit from NBL (net)	20,000	By Life insurance premium	17,000
To Sale of furniture	50,000	By Purchase of newspapers & journals	2,000
To Gift & presents from clients	210,000	By Income tax paid in advance	5,000
To Interest on govt. securities (net)	13,000	By Donation to tax exempt organization	5,000
To Dividend received (net)	18,000	By Purchase of stationery	17,000
To Sale of newspapers & journals	16,000	By Travelling expenses	14,000
To Directors fees (net)	17,000	By Miscellaneous expenses	15,000
		By Domestic expenses	5,000
		By Pollution control cost	40,000
		By Balance c/d	963,000
Total	1,334,000		1,334,000

Adjustments:

- Half of car expenses was paid for personal purpose.
- Office salaries include Rs. 20,000 paid to domestic cook.
- 50 percent of donation was given to an organization which was not approved by IRD.
- Half of domestic expenses is spent for general expenses.
- Allowable depreciation for the year was Rs. 10,000 not shown in account.
- Gain on sale of non-professional assets of Rs. 100,000 not shown in account.

Required: (a) Net (assessable) income from profession (b) Net (assessable) income from investment (c) Statement of Taxable (Total) Income (d) Tax liability [10+1+2+2=15]

14. 2067 Q.No. 15

Mr. Bisash Pandey, a practicing Chartered Accountant submitted the following receipts and payments accounts for the previous year:

Dr.	Receipts and Payments A/C		Cr.
	Receipts	Rs.	
To Balance b/d	150,000	By Staff salary	150,000
To Fees from audit work	800,000	By Office rent	50,000
To Consultation fees	400,000	By Car purchased	300,000
To Sale of old newspapers	15,000	By Travelling expenses	10,000
To Income from part time lecture	42,500	By Life insurance premium	20,000
To Meeting fees	17,000	By Household expenses	40,000
To Royalty from natural resources (after TDS)	65,450	By Medical expenses for the staff	10,000
		By Office expenses	150,000
		By Balance c/d	759,950
	1,489,950		1,489,950

Additional information:

- Car was purchased on 1st Aswin. Depreciation is to be charged but no repair expenses is made.
- Life insurance premium included Rs.7,000 for his wife.
- Income from lottery Rs.85,000 is not included in the above statement but royalty collection charge of Rs.2,000 is included in travelling expenses.

Required: (a) Net assessable income from profession

(b) Statement of total taxable income

[5+2=7]

15. 2067 Q.No. 16

The following is the Trading and Profit & Loss Account of a Sole Trader for the previous year:

Dr.	Trading and Profit & Loss Account		Cr.
	Particulars	(Rs.)	
To Opening stock	180,000	By Sales	2,350,000
To Purchase	1,000,000	By Closing stock	330,000
To Carriage on purchases	100,000		
To Wages	400,000		
To Gross profit	1,000,000		
	2,680,000		2,680,000
To Office & adm. exp	150,000	By Gross profit	1,000,000
To Staff salary	200,000	By Sundry income	80,000
To Provision for depreciation	10,000	By Bad debts recovered	120,000
To Advance payment of income tax	15,000	By Commission	25,000
To Rent, rates & taxes	15,000	By Discount	35,000
To Find and penalty	2,500	By Dividends	85,000
To Sundry expenses	140,000	By House rent (non-business)	42,500
To Depreciation: Machinery	150,000	By Compensation on loss of the stock	150,000
Building	100,000	By Gain on disposal of depreciable assets (pool - C)	120,000
To Repairs: Machinery	75,000	By Income from natural resources (non business)	200,000
Building	150,000	By Interest from private party (non business: after TDS)	85,000
To Compensation to old employees	25,000		
To Pollution control cost	350,000		
To Donation	75,000		

To Net profit c/d	485,000	
	1,942,500	1,942,500

Additional information:

- Opening stock was under valued by 10% whereas closing stock was over valued by 10%.
- Depreciation was charged as per regulation.
- 50% amount of bad debts recovered was not allowed previously by ITO due to lack of proof.
- Sundry income include Rs.20,000 rent from agriculture land.

Required:

- Net assessable income from business
- Net assessable income from investment
- Statement of total taxable income
- Tax liability

[10+2+2+1=15]

16. 2067 Q.No. 16 OR

The summarised cash statement of a professional medical practicer is given below for the previous year.

Dr.	Receipts and Payments Accounts		Cr.
Receipts	Rs.	Payments	Rs.
To Balance b/d	100,000	By Cost of medicine	230,000
To Consultation fees	500,000	By Income tax	20,000
To Visiting fees	200,000	By Contribution to retirement at fund (self)	100,000
To Surgical charge	100,000	By Cost of extension of the building (related to profession)	600,000
To Gifts from client	10,000	By Salary to staff	120,000
To Sale of medicine	300,000	By Books & periodicals	20,000
To Interest on govt. securities (net)	85,000	By Penalty	2,350
To Rent from computer let out after TDS (non professional)	17,850	By Donation	65,000
To Agriculture income	25,000	By Interest to bank	25,000
To Dividend from a bank	95,000	By Sundry expenses	35,000
To Refund of income tax	5,000	By Travelling expenses	15,000
To Rent from house (personal: after TDS)	42,500	By Fire insurance premium	17,000
		By Pollution control cost	80,000
		By Drawings	60,000
		By Balance c/d	91,000
	1,480,350		1,480,350

Additional Information:

- Opening WDV of the building was Rs. 1,500,000. The extension work on the building was completed within the Poush end.
- Allowable depreciation on surgical* equipments and furniture is Rs.45,000.
- Depreciation on building is to be charged.
- Salary to staff included Rs.60,000. Salary paid to an assistant who devoted 50% of his time for domestic work of the doctor.
- Books and periodical expenses include Rs.2,000 of the textbook for his son.
- Drawing include Rs. 10,000 paid for income tax in advance.

Required:

- Net assessable income from profession
- Net assessable income from investment
- Statement of total taxable income
- Tax liability, if any

[10+1+2+2=15]

17. 2066 Q.No. 15

Mr. Prakash, a lawyer, has submitted the following receipts and payments account for the previous year.

Dr.		Receipts and Payments		Cr.	
Receipts		Rs.	Payments	Rs.	
To Balance b/d		40,000	By Salary to staff		60,000
To Legal fees		200,000	By Office expenses		12,000
To Advisory fees		150,000	By Domestic expenses		5,000
To consultancy fees		120,000	By Purchase of newspapers and journals relating to profession		2,000
To Interest on tax -free government securities		40,000	By General expense		4,000
To Income from agriculture		20,000	By Telephone expenses		15,000
To Commission relating to his professional activities (after TDS)		51,000	By Donation (approved)		5,000
		1,000	By Interest on loan		12,000
To Sale of newspaper		25,500	By Redemption of loan to private parties		20,000
To House rent (after TDS)		50,000	By Purchase of computer in Baisakh of previous year		45,000
To Loan from private parties		38,000	By Balance c/d		574,500
To Dividend from NB Ltd.		19,000			
To Dividend from resident company					
		754,500			754,500

Additional information:

- Loan from private parties was not for professional works.
- Depreciation on computer is to be charged as per IT Act.
- 30% of telephone expenses is relating to private purpose.
- Collection cost relating to advisory fees and consultancy fees of Rs. 1,500 and Rs. 1,000 respectively were not shown in above receipts and payments account.

Required: (a) Net (Assessable) Income from Profession (b) Statement of Total Taxable Income. [5+2]

18. 2066 Q.No. 16

The following Trading & Profit and Loss Account of a merchant for the previous year are given below:

Dr.		Trading & Profit and Loss Account		Cr.	
Particulars		Rs.	Particulars	Rs.	
To Opening stock		130,000	By Net sales		4,000,000
To Purchase		1,500,000	By Closing stock		200,000
To Carriage		10,000			
To Custom duty		15,000			
To Gross profit c/d		2,545,000			
		4,200,000			4,200,000
To Salaries		250,000	By Gross profit b/d		2,545,000
To General expenses		50,000	By Commission on sales (after TDS)		21,250
To Electricity and water		25,000	By Discount received		5,000
To Telephone charges		24,000	By Bad debts recovered (30% not allowed previously)		8,000
To Provision for taxation		12,000	By Miscellaneous receipts		13,000
To Provision for bad debts		8,000	By Natural resources payment received (after		42,500
To Dividend paid		10,000			
To Bonus distributed		12,000			
To Reserve fund		5,000			
To Tax paid in advance					

(for current year)	11,000	TDS)	
To Repairs and maintenance	15,000	By Gain on sale of shares	15,000
To Carriage outwards	3,000	By Gain on sale of business assets	13,500
To Selling expenses	12,500	By Dividend received from Investment Bank (after TDS)	23,750
To Depreciation on machinery	50,000		
To Donation (approved)	10,000		
To Pollution control cost	30,000		
To Legal expenses	4,000		
To Bad debts written off	3,000		
To Net profit c/d	2,152,500		
	2,687,000		2,687,000

Additional information:

- Opening stock was under valued by 20%.
- Closing stock was over valued by Rs. 20,000.
- Purchase included Rs. 300,000 for the purchase of machinery in Marg of previous year. Depreciation is to be charged as per Income Tax Act.
- 50% of water and electricity charges was paid for his personal purpose.
- Miscellaneous receipts included Rs. 5,000 non-taxable income.
- Repairs and maintenance expenses were computed as per income tax law.

Required: (a) Net (Assessable) Income from Business. (b) Net (Assessable) Income from Investment (c) Statement of Total Taxable Income. [10 + 2+3]

19. 2066 Q.No. 16 OR

Dr. Vaidya, a leading medical practitioner at Pokhara, has summarized his cash dealings and presented receipts and payments account for the previous year.

Dr.	Receipts and Payments Accounts		Cr.
Receipts	Rs.	Payments	Rs.
To Balance b/d	40,000	By Salary to compounder, nurses and other staff	75,000
To Consultation fees	250,000	By Rent of the clinic	12,000
To Visiting fees	130,000	By Household expenses	10,000
To Loan from bank	150,000	By Cost of medicine	45,000
To Sale of medicine	50,000	By Car expenses	15,000
To Special commission	30,000	By Car purchased on Aswin of previous year	250,000
To Gift from patients	7,500	By Surgical equipments	50,000
To Dividend from Sunrise Bank Ltd. (after TDS)	38,000	By Repair expenses	8,500
To House rent (after TDS)	17,000	By Interest on bank loan	15,000
To Sale of old medical journal	1,000	By Life insurance premium (self)	5,000
To Rent from machinery let-out	15,000	By Gift to sister	50,000
To Fees received from training programme (Net)	21,250	By Repayment of loan	18,000
To Interest from saving deposit (Net)	9,400	By General expenses	
To Payment received from natural resources (after TDS)	38,250	By Telephone & electricity expenses	25,000
To Gains on sale of securities)	10,000	By Income tax paid	5,000
		By Royalty collection charges	2,500
		By Stationary Purchased	219,400
		By Balance c/d	
	807,400		807,400

Additional information:

- Depreciation on car is to be charged as per IT Act.
- Dr. Vaidya uses his car equally for his profession and personal purpose.

- iii. 1/4th of telephone and electricity expenses is relating to his house.
 iv. Provide depreciation on surgical equipment as per IT Act.
 v. 30% of bank loan was used for his personal purpose.
 vi. Income from lottery received of Rs. 11,250 (Net) not included in account.

Required: (a) Net (Assessable) Income from Profession

(b) Net (Assessable) Income from Investment

(c) Statement of Total taxable Income

[10+2+3]

20. 2065 Q.No. 15

Mr. Rabintra a medical practitioner submitted the following receipts and payments account for the previous year.

Receipts and Payments Account			
Dr.	Rs.	Cr.	Rs.
To Balance b/d	70,000	By Salary to office staff	75,000
To Visiting fees	150,000	By Office expenses	20,000
To Consulting fees	200,000	By Household expenses	8,000
To Special fees (after TDS)	68,000	By Purchase of medicine	10,000
To Gift from clients	10,000	By Purchase of furniture on Marg of previous year	50,000
To Sale of medicine	40,000	By Interest on loan	5,000
To Sale of old magazines	5,000	By Donation	5,000
To Dividend from resident company	19,000	By Life insurance premium	10,000
To House rent (After TDS)	42,500	By Transportation expenses	8,000
To Loan from bank	100,000	By General expenses	10,000
To Royalty form professional books (After TDS)	106,250	By Balance c/d	609,750
	810,750		810,750

Additional information:

- Household expenses include telephone charges of Rs. 5,000 used for professional purpose.
- Depreciation on furniture is to be charged as per IT Act.
- Following costs were not included in receipts and payment account.

Royalty collection cost	Rs. 1,500
Dividend collection cost	Rs. 1,000
House rent collection charges	Rs. 1,600
Collection cost of special fees	Rs. 2,000

Required: (a) Net (assessable) income from profession (b) Statement of Total taxable income

[5+2]

21. 2065 Q.No. 16

The following Trading and Profit and Loss Account of a trader for the previous year are given below:

Trading and Profit and Loss Account			
Dr.	Rs.	Cr.	Rs.
To Opening stock	180,000	By Sales less return	3,000,000
To Purchase	1,200,000	By Closing stock	200,000
To Carriage on purchase	20,000		
To Custom duty	5,000		
To Gross profit c/d	1,795,000		
	3,200,000		3,200,000
To Salaries	200,000	By Gross profit b/d	1,795,000
To Office expenses	30,000	By Gain on sale of business assets	20,000
To Telephone and electricity	18,000	By Gift received	16,000
To Legal charges	5,000	(relating to business)	
To Bad debts written off	6,000	By Compensation received	51,000
To Repairs and maintenance	5,000	(after TDS)	
To Interest on bank loan	10,000	By Dividend from NB Ltd.	14,250
To Business promotion expenses	18,000	By Bad debts recovered	10,000
To House rent	12,000	(20% not allowed previously)	
To Income tax paid	13,000	By Miscellaneous income	25,000
To Donation	5,000	By National resources payment received	
To Reserve fund	15,000	(After TDS)	
To Depreciation on machinery	25,000	By Gain on sale of securities	127,500
To Research and Development cost	50,000	By Discount received.	5,000

To Commission on sale	3,000	
To Provision for bad debts	8,000	
To Bonus to staffs	10,000	
To Net profit c/d	1,650,750	
	2,083,750	2,083,750

Additional information:

- Opening stock was over valued by Rs. 20,000
- Closing stock was under valued by Rs. 25,000
- Purchase included Rs. 200,000 for the purchase of machinery on Ashwin of previous year.
- 25% of telephone and electricity charges was paid for his personal purpose.
- 50% of Bank loan was used for his private purpose.
- Miscellaneous income included Rs. 10,000 income from agriculture
- Income tax paid included Rs. 5,000 paid for current year as advance tax

Required: (a) Net (Assessable) income from business (b) Net (Assessable) income from investment (c) Statement of total taxable income [10+2+3]

22. 2065 Q.No. 16 OR

The following Receipts and Payments Account of a legal advisor, for the previous year is given below:

Dr.		Receipts and Payments Account		Cr.	
Receipts		Rs.	Payments	Rs.	
To Balance b/d	250,000	By Salary to assistant	50,000		
To Legal fees	300,000	By Office expenses	25,000		
To Consultation fees	350,000	By General expenses	15,000		
To Special commission	150,000	By Telephone and electricity expenses	25,000		
To Dividend from SBI Bank (After TDS)	11,400	By Transportation expenses	5,000		
To Gift from clients	10,000	By Household expenses	8,000		
To House rent received (After TDS)	42,500	By Interest on Bank loan	5,000		
To Sale of old newspapers	5,000	By Purchase of furniture on Marg of previous year	50,000		
To 10% loan from bank	50,000	By Stationery expenses	5,000		
To Sale of furniture out of current purchase	10,000	By Subscription of law journal	4,000		
To Income from agriculture	12,000	By Tax paid in advance	15,000		
To Fees received from training programme	40,000	By Royalty collection charges	2,000		
To Sale of old professional books	2,000	By Donation	9,400		
To Royalty from natural resources (After TDS)	25,500	By Balance c/d	1,040,000		
	1,258,400				1,258,400

Additional information:

- Depreciation on furniture is to be charged as per IT Act.
- Salary to assistants included Rs. 5,000 paid to his son
- Half of general expenses is not relating to his profession
- Household expenses included Rs. 5,000 paid as life insurance premium of his own.
- Half of bank loan was used for his private purpose.
- Office expenses included Rs. 5,000 paid to purchase professional books relating to his profession.
- Income from writing articles in professional journals of Rs.1700 after TDS not debited in above account.

Required: (a) Net (Assessable) income from profession (b) Net (assessable) Income from investment (c) Statement of total taxable income [10+ 2+3]

23. 2064 Q.No. 16

Mr. Mahat has furnished the following Trading and Profit and Loss Accounts for the previous year.

Dr.		Trading and Profit and Loss Account		Cr.	
Particulars		Rs.	Particulars	Rs.	
To Opening stock	400,000	By Sales	2,500,000		
To Purchase	1,500,000	By Closing stock	500,000		
To Carriage	100,000				

To Gross profit	1,000,000		
	3,000,000		3,000,000
To Office salaries	210,000	By Gross profit	1,000,000
To Office rent	100,000	By Sundry receipts	50,000
To Administrative expenses	120,000	By Bad debts recovered	70,000
To Advertisement	60,000	By Commission	40,000
To Bad debts	40,000	By Royalty from patent right	60,000
To Interest on loan	115,000	By Rent from household furniture	30,000
To Repairs	30,000		
To Depreciation	50,000		
To Legal expenses	10,000		
To Fine and penalties	15,000		
To Research and development	400,000		
To Reserve for bad debts	30,000		
To Commission and discount	35,000		
To Sundry expenses	35,000		
To Net profit	Nil		
	1,250,000		1,250,000

Additional information:

- Closing stock was under valued by 20 percent.
- Purchases include Rs. 100,000 purchasing cost of a office computer.
- Tax office has accepted only 70 percent of bad debts as genuine.
- Interest on loan was overcharged by 15 percent.
- Donation to Zonal hospital Rs. 40,000 was charged under research and development cost.
- The computer was purchased on 1st of Poush but was omitted to charge depreciation on it whereas the repair expenses of that computer Rs. 10,000 was included in repair expenses.
- 30 percent of baddebts recovered was not allowed for deduction previously.
- Advertisement expense includes Rs. 55,000 cash payment made at a time even though banking service was available.
- Legal expense includes Rs. 5,000 to protest for patent rights, Rs. 2,000 for renewal of business registration and remaining for income tax appeal.
- Reserve for baddebts include Rs. 25,000 income tax paid in advance.

Required: (a) Net (assessable) income from business. (b) Statement of total taxable income
(c) Tax liability. [10 + 3 + 2]

24. 2064 Q.No. 16 OR

Given below is the Income and Expenditure A/C of Mr. Agrawal, a practising Chartered Accountant for the previous year ending 31st Ashad.

Income and Expenditure Account			
Dr.			Cr.
Expenditure	Rs.	Income	Rs.
To Office salary	300,000	By Audit fees	450,000
To Office rent	135,000	By Consultation fees	150,000
To Administrative expenses	150,000	By Dividend from non-resident company	50,000
To Drawings	25,000	By Gifts from clients	20,000
To Repairs	20,000	By Sale of old professional journals	5,000
To Purchase professional journals	20,000	By Income from part time lectures	85,000
To Car expenses	30,000	By Interest from Govt. securities	15,000
To Life insurance premium (self)	15,000	By Royalty from natural resources (net)	170,000
To Depreciation	26,000	By Pension from previous employer	120,000
To Medical expenses (self)	10,000	By Interest from private loan	100,000
To Royalty collection charge	20,000		
To Donation to Lumbini Development Trust	10,000		
To Fines and penalties	5,000		
To Membership fees and subscription	5,000		
To Excess of income over expenditure	394,000		
	1,165,000		1,165,000

Additional Information:

- Dividend was received after TDS of Rs. 12,500.
- Cost of journal includes Rs. 5,000 cost of textbooks for his son.
- Salary includes amount deposited to the employee's provident fund Rs. 20,000 and to approved retirement fund (self) Rs. 100,000.
- Car expenses include repair of the car Rs. 8,000.
- Mr. Agrawal as claimed to have brought forward professional loss amounting to Rs. 75,000 of the previous assessment year.
- Depreciation of car was not included in above statement.
The depreciation basis of the car was Rs. 100,000.
- Mr. Agrawal has selected his couple status for income tax purpose.

- Required:** (a) Net (assessable) income from profession / business.
(b) Net (assessable) income from investment.
(c) Statement of total taxable income
(d) Tax liability

[9 + 2 + 2 + 2]

25. 2064 (Old) Q.No. 16

Given below is the trading and profit and loss account of Mr. P, a sole trader for the previous year.

Trading and Profit and Loss Account				
Dr.	Particulars	Amount	Cr.	
	To Opening stock	400,000	By Sales	1,800,000
	To Purchase	1,000,000	By Closing stock	200,000
	To Freight and custom	100,000		
	To Gross profit	500,000		
		2,000,000		2,000,000
	To salaries	250,000		
	Add: Outstanding	15,000		
		265,000	By Gross profit	500,000
	To Printing expenses	10,000	By Bad debts recovered	4,000
	To Rent of warehouse	75,000	By Refund of custom duty	20,000
	To Domestic expenses	60,000	By Gift from the manufacturer on account of promoting sale	50,000
	To Pollution control cost	100,000		
	To Interest on loan	5,000		
	To Bad debts	2,000		
	To Reserve for doubtful debts	6,000		
	To Telephone charges	18,000		
	To Electricity charges	12,000		
	To Donation	10,000		
	To Net profit	11,000		
		574,000		574,000

Additional information:

- Opening and closing stock both were overvalued by Rs. 30,000 and Rs. 40,000 respectively.
- Purchases includes Rs. 20,000 for purchase of office equipment on Falgoon of the previous year.
- 40% of rent was paid for his own godown.
- Bad debts allowed for deduction is only 50%.
- Both telephone and electricity charges to be extent of 40% used for his personal purpose and rest for business.
- Miscellaneous receipts include Rs. 30,000 was for rent of his personal house after TDS.
- Depreciation base of the plant at beginning of previous year was Rs. 500,000. A new plant was purchased for Rs. 200,000 during the year.
No plant was disposed off. Depreciation on the plant has not been charged for the period.

- Required:** (a) Net (assessable) income from business. (b) Statement of total taxable income.
(c) Tax payable.

[10 + 3 + 2]

26. 2064 (Old) Q.No. 16 OR

Following Receipts and Payments Account of Mr. M a Music Director, for the previous year.

Receipts	Rs.	Payments	Rs.
To Bank balance b/d	100,000	By Purchase of vehicle	500,000
To Fees for lyric composition	300,000	By Office rent	20,000
To Fees for music direction	200,000	By Staff remuneration	100,000
To sale of old newspaper	10,000	By Insurance premium of musical instruments	10,000
To Interest on fixed deposit	43,000	By Office expenses	20,000
To Rent from house (net)	85,000	By Domestic expenses	10,000
To Rent from agriculture land letout (net)	17,000	By Income tax paid in advance	3,000
To Interest on private money lending	40,000	By Telephone charges	3,000
To Meeting allowance (net)	1,700	By Donation to Music Association of Nepal	20,000
To Refund of VAT on instrument purchase	13,000	By Miscellaneous expenses	40,000
		By Balance c/d	83,700
	809,700		809,700

Additional Information:

- Interest on fixed deposit was credited directly by bank in his personal account.
 - House and agriculture land both were his personal properties.
 - Meeting allowance was received from the association.
 - VAT was paid on purchase of musical instrument two years back and was charged in P/L Account. Depreciation base of instrument at the beginning of previous year was Rs. 50,000. Depreciation is to be charged on it.
 - Vehicle was used for both professional as well as personal purpose. Cost of maintenance for car Rs. 30,000 has been included in miscellaneous expenses.
- Required:** (a) Net (assessable) income from profession. (b) Net (assessable) income from investment. (c) Statement of total taxable income. (d) Tax payable. [10+2+2+1]

27. 2064 Q.No. 12

Following is the receipts and payments account of Dr. Dixit a medical practitioner for the previous year:

Dr.	Receipts and Payments A/C		Cr.
Receipts	Rs.	Payments	Rs.
To Consultation fees	100,000	By Staff salary	70,000
To Visiting fees	50,000	By Office expenses	45,000
To Royalty from natural resources	150,000	By Car expenses	15,000
To Income from minor surgery	75,000	By Office rent	60,000
To Loan from bank	50,000	By Purchase office furniture	65,000
To Birthday gifts	25,000	By Domestic expenses	10,000
To Dividends	95,000	By Advance I. tax	5,000
To Pension from previous employer	143,000	By Repairs	2,000
		By Donation	7,000
		By Balance c/d	409,000
	688,000		688,000

Additional information:

- Office furniture was purchased on 1st Baishakh of the previous year.
 - Repair expenses was related to the office furniture purchased previously.
 - Cost of furniture includes Rs. 5,000 interest on bank loan.
- Required:** (a) Net (assessable) income from profession. (b) Statement of total taxable income. [5+2]

28. 2064 (Old) Q.No. 11

The following is the receipts and payments account of Mr. G, a Financial Analyst by profession for the previous year.

Receipts	Amount (Rs.)	Payments	Amount (Rs.)
To Balance b/d	50,000	By Rent of office	100,000
To Consultation fees	200,000	By Household expenses	20,000
To Project analyst charges	100,000	By Salaries	110,000
To Sale of old newspaper	12,000	By Stationeries	10,000
To Gift from clients	2,000	By Fire insurance premium	3,000
To Interest on fixed deposit	14,100	By Tax deducted at source (professional only)	4,000
To Rent from house let-out (net)	85,000	By Donation	40,000
		By Balance c/d	176,100
	463,100		463,100

Additional information:

- a. Charge depreciation on office equipment valued at the beginning of year Rs. 160,000.
 b. Donation to Tax Exempt Organization Rs. 5,000.

Required:

- (a) Net (assessable) income from profession. (b) Statement of Total taxable income. [5+3]

29. 2063 Q. No. 15

Mr. Pant is a practising lawyer. He had maintained his receipts and payment account on cash basis. The following are the summarised cash transactions for the previous year.

Dr.

Receipts and Payments account

Cr.

Receipts	Amount	Payments	Amount
To Balance b/d	50,000	By Staff salary	25,000
To consultancy fees	150,000	By Office expenses	15,000
To Legal fees (after TDS)	110,500	By Vehicles expenses	18,000
To Special commission	50,000	By Household expenses	12,000
To Gift from clients	20,000	By Purchase of machinery on Pouch of previous year	50,000
To Dividend from NB Ltd.	14,250	By Repayment of private loan	
To House rent received after TDS		By Donation to a school	100,000
To Loan from private parties	42,500	By Life insurance premium (insured sum Rs. 150,00)	10,000
To Royalty related to profession after TDS	150,000	By Balance c/d	5,000
	21,250		
	608,500		373,500
			608,500

Additional information:

- i. Depreciation on machinery is to be charged as per Income Tax Act.
 ii. Following collection cost were not credited to receipts and payments account.

Consultancy fees	Rs. 1,500
Royalty	Rs. 2,000
Dividend	Rs. 500

- Required:** (a) Net (assessable) income from Profession
 (b) Statement of total taxable income

5
2**30. 2063 Q. No. 16**

The Trading and Profit & Loss Account of Mr. Bisan Rai, a business man for the previous year, are given below:

Dr.

Trading and Profit & Loss Account

Cr.

Particulars	Amount (Rs.)	Particulars	Amount (Rs.)
To Opening stock	150,000	By Sales	2,500,000
To Purchase	1,000,000	By Closing stock	200,000
To Carriage on purchase	10,000		
To Custom duty	30,000		
To Gross profit c/d	1,510,000		
	2,700,000		2,700,000

To Salaries	200,000	By Gross profit b/d	1,510,000
To General expenses	50,000	By Gain on disposal of business assets	30,000
To Telephone charges	10,000	By Compensation received (after TDS)	21,250
To Electricity charges	15,000	By gift received (relations to business)	5,000
To Commission on sale	8,000	By Dividend from Everest Bank Ltd. (After TDS)	19,000
To Legal expenses	15,000	By Bad debts recovered	15,000
To Dashain & Tihar allowance	12,000	By Natural resources payment received (After TDS)	42,500
To Bad debts written off	5,000	By Gain on sale of shares	12,000
To Repairs & maintenance	10,000	By Interest on fixed deposit after TDS	11,280
To Interest on bank loan	17,000	By Discount received	16,000
To House rent	12,000	By Miscellaneous income	10,000
To Depreciation	25,000		
To General reserve	15,000		
To Income tax paid	22,000		
To Donation	30,000		
To Research & Dev. Cost	50,000		
To Pollution control cost	30,000		
To Sinking fund	60,000		
To proposed dividend	35,000		
To Net Profit c/d	1,071,030		
	1,692,030		1,692,030

Additional information:

- Opening stock and closing stock were undervalued by 20%
- Purchase included Rs. 150,000 for the purchase of machinery on Marga of previous year. Charged depreciation on it as per the provision of Income Tax Act.
- 25% of telephone charge was paid for his personal purpose.
- 50% of bank loan was used for the study of his son.
- Donation included Rs. 10,000 paid for the students of a campus.
- Miscellaneous income included Rs. 5,000 income from agriculture.
- 25% of bad debts recovered was not allowed as deduction in previous year due to the lack of proof.

Required: (a) Net (assessable) Income from business)

(b) Net (assessable) Income for investment

(c) Statement of total taxable income

10+2+3

31. 2063 Q. No. 16 Or

The following receipts and payments account of Mr. Nepal, an auditor, for the previous year:

Dr.		Cr.	
Receipts	Amount	Payments	Amount
To Balance b/d	350,000	By Office salaries	175,000
To Audit fees	400,000	By Office expenses	150,000
To consultancy fees	250,000	By Office rent	25,000
To Gifts and presents from clients	25,000	By Interest collection charges (Pvt. Money lending)	1,000
To Dividend from Nepal Bank Ltd. (Net)	23,750	By collection charges of natural resources	500
To Income from agriculture	50,000	By domestic expenses	125,000
To Sale of furniture	23,000	By Interest collection charges of Govt. securities	500
To commission relating to audit work	28,000	By Telephone & electricity charges	25,000
To Interest on government securities (Net)	16,920	By Life insurance premium (self)	10,000
To Sale of newspaper and journals	5,000	By Purchase of stationery	5,000
To Director's fees (Net)	4,250	By Travelling expenses	12,000

To Royalty from writing professional book after TDS	127,500	By Donation to an exempt organization	50,000
To Income from natural resources	50,000	By Purchase of newspaper & journal	8,000
To Interest from private money lending transactions	30,000	By Income tax paid in advance	10,000
		By Car expenses	8,000
		By Purchase of computer on Ashwin for office use	80,000
		By Balance c/d	698,420
	1,383,420		1,383,420

Additional information:

- Computer was used equally for both official as well as personal purpose.
- Car was used equally for official and personal purpose.
- Allowable depreciation on machinery of Rs. 12,000 not shown in above receipts and payments account.
- Half of electricity and telephone charges were related to his personal purpose.
- 20% of travelling expenses was related to his personal work.

Required: (a) Net (assessable) income from profession.

(b) Net (assessable) income from investment

(c) Statement of total taxable income

10+3+2

32. 2062 (C) Q.No. 11

The following is the receipts and payment account of a medical practitioner for the previous year.

Receipts and Payment Account			
Receipts	Rs.	Payments	Rs.
To Balance b/d	50,000	By Office rent	27,000
To Consultation fees	200,000	By Salary to assistant	36,000
To Visiting fees	150,000	By Office expenses	15,000
To Loan from bank	100,000	By Purchase of furniture	10,000
To Interest on private money lending	60,000	By Donation	12,000
To Dividends from Salt Trading Ltd. After TDS	40,000	By Domestic expenses	83,000
		By Dividends collection charge	1,000
		By Loan to Ramesh	118,000
		By Balance c/d	301,000
	620,000		620,000

Additional information:

- Admissible amount of depreciation was Rs. 3,000
- Domestic expenses include Rs. 16,000 repairs of office equipments and Rs. 25,000 education expenses of his son.

Required:

(a) Net (assessable) income from Business/Profession (b) Statement of total taxable income. [5+2]

33. 2062 (C) Q.No. 16

Mr. Gopal has furnished the following Trading and Profit & Loss Account of his business for the previous year.

Trading and Profit & Loss Account			
Particulars	Rs.	Particulars	Rs.
To Opening stock	500,000	By Sales	3,000,000
To Purchase	1,000,000	By Closing stock	800,000
To Custom	150,000		
To Carriage	100,000		
To Wages	300,000		
To Gross profit	1,750,000		
	3,800,000		3,800,000
To Office salaries	350,000	By Gross profit	1,750,000

To Office expenses	50,000	By Sundry incomes	50,000
To Depreciation on machinery	30,000	By Interest	60,000
To Commission and discount	10,000	By Rent from staff quarters	30,000
To Sales promotion expenses	5,000	By Dividends (net)	40,000
To Interest paid to financial company	10,000	By Refund of custom	10,000
To Audit fees	8,000	By Gain on sale of non-business assets	15,000
To Life insurance premium	5,000		
To Income tax paid in advance	3,000		
To Miscellaneous expenses	13,000		
To Printing and stationery	4,000		
To Pollution control cost	30,000		
To Donation to hospital	40,000		
To Net Profit	1,393,000		
	1,955,000		1,955,000

Additional information:

- Purchase includes Rs. 150,000 the cost of machinery purchased on Chaitra of previous year for business purpose.
- Opening value of depreciation base of machinery for the year was Rs. 50,000 and a part of machinery costing Rs. 40,000 having book value of Rs. 20,000 was disposed off for Rs. 50,000 during the year
- Printing and stationery includes Rs. 2,000 paid for books purchased for his son who is studying in a private school.
- Office expenses include Rs. 2,500 spent by Mr. Gopal for the payment of telephone charges of his residence.
- Office salaries include Rs. 15,000 paid as salary to his wife.
- 20 percent of miscellaneous expenses was related to private purpose.

Required: (a) Net (assessable) income from Business (b) Net (assessable) income from investment. (c) Statement of Taxable income (Total income) [10+2+3]

34. 2062 (C) Q.No. 16 OR

The Receipts and Payment Account of a medical practitioner is given below:

Receipts and Payment Account			
Receipts	Rs.	Payments	Rs.
To Balance c/d	70,000	By Salary to staff	170,000
To Consultancy fees	300,000	By Stationery	5,000
To Visiting fees	150,000	By Purchases of Trade Marks (life 3 years and 5 months)	30,000
To Sales of medicine	80,000	By Office expenses	10,000
To Gifts from patients	10,000	By Tax paid in advance	8,000
To Dividends after TDS	15,000	By Car expenses	2,000
To Miscellaneous income	25,000	By Travelling expenses	5,000
To Gain on sale of non-professional assets	20,000	By Pollution control cost	100,000
To Sale of medical journals	5,000	By Interest on bank loan	15,000
To Board of Directors fees after TDS	3,000	By Purchase of medical journals	10,000
To Bank loan	100,000	By Commission	4,000
To Sale of old newspapers	2,000	By Purchase of surgical equipments of pool 'D'	100,000
		By Miscellaneous expenses	5,000
		By Domestic expenses	6,000
		By Donation expenses	10,000
		By Balance c/d	300,000
	780,000		-780,000

Additional information:

- Provided depreciation on trademarks and surgical equipments as per rule. Both assets were purchased on Bhadra of previous year.
- 1/3 of domestic expenses include general expenses incurred for professional purpose.
- Commission received Rs. 10,000 from clients was not shown in books of account.
- Life insurance premium of Rs. 15,000 on his own life was charged in staff salary.
- Travelling expenses include Rs. 2,000 paid for educational tour for his son.
- Miscellaneous income includes Rs. 5,000 income from agriculture Agri-expenses were borne by himself.

Required: (a) Net (assessable) income from Profession (b) Net (assessable) income from investment (c) Statement of Taxable income (total income) (d) Tax liability [10+1+2+2]

35. 2062 (F) Q.No. 15

The following is the Receipts and Payments Account of Mr. Rohot, a singer by profession, for the previous year.

Particulars	Amount	Particulars	Amount
To Opening balance of cash	200,000	By Salary to assistant	75,000
To Fees for playback singer	300,000	By Purchase of furniture for office use	30,000
To Royalty from NTV and Radio Nepal after TDS	42,500	By Collection cost	8,000
To Fees for conducting cultural shows	150,000	By Telephone and electricity charges	2,000
To Part time job from a school after TDS	34,000	By Life insurance premium	2,000
To Interest on non-taxable government securities	10,000	By Donation to public school	5,000
		*By Balance c/d	614,000
	736,500		736,500

Additional information

- Furniture was purchased on Ashwin, previous year. Depreciation is to be charged on it.
- Collection charges were in respect to:
 - Fees from conducting shows Rs. 2,000
 - Part time job Rs. 3,000
 - Interest on government securities Rs. 1,000
- Premium was paid on his own life policy of Rs. 100,000

Required: ① Net (assessable) Income from Profession ② Statement of Total Taxable Income [5+2]

36. 2062 (F) Q.No. 16

Given below is the Trading and Profit and Loss Account of Mr. Agrawal, a cloth trader for the previous year:

Particulars	Amount	Particulars	Amount
To Opening stock	500,000	By Sales inclusive VAT	2,200,000
To Purchase	1,200,000	By Closing stock	800,000
To Freight	100,000		
To Custom duty	50,000		
To Gross profit c/d	1,150,000		
	3,000,000		3,000,000
To: Office expenses	50,000	By Gross profit b/d	1,150,000
To Salaries	225,000	By Gain on sale of business assets	30,000
To Dashain allowance	30,000	By Compensation for business restriction after TDS	85,000
To Commission on sale	30,000	By Bad debts recovered	28,000
To Telephone charge	12,000		
To Legal expenses	20,000		
To Donation to Pashupati			

Development Trust	330,000	By Gain on sale of share (gross)	10,000
To Donation to renovate an old temple	20,000	By Commission received	2,000
To Pollution control cost	300,000		
To Bad debts	3,000		
To VAT paid to government	20,000		
To Audit fees	2,000		
Net profit	263,000		
	1,305,000		1,305,000

Additional information:

- Opening stock was under valued by Rs. 50,000. It was Rs. 550,000 on last stock taking.
- Purchases include Rs. 300,000 for purchase of a car on Falgun previous year. It was used equally for both business as well as personal purpose.
- Legal expenses include:
 - Rs. 3,000 on preparation of legal document for accepting business restriction.
 - Rs. 9,000 for acquiring the title of the new car purchased.
- Depreciation on car is to be charged.
- 25% of bad debts recovered was not allowed previously.
- Receipt from Natural Resources of Rs. 17,500 after TDS was not shown in above Profit and Loss a/c.
- Out of VAT collected from customer, he retained Rs. 180,000 to recover the VAT paid by him on purchases and balance of Rs. 20,000 was paid to government.

Required: ① Net (assessable) Income from business ② Net (assessable) Income from Investment ③ Statement of Total Taxable Income [10+2+3]

37. 2062 (F) Q.No. 16 OR

Given below is the Receipts and Payments Account of Mr. Khadka, a medical practitioner, for the previous year:

Particulars	Amount	Particulars	Amount
To Opening balance b/d	450,000	By Salaries to subordinates	380,000
To Consultation fees	300,000	By Purchase of:	
To Surgical fees	250,000	Car on Magh	400,000
To Visiting fees	150,000	Sofa set on Jestha	50,000
To Agriculture income	50,000	By Expenses on cultivation	20,000
To Rent from agriculture land after TDS	22,250	By Telephone expenses	15,000
To Income from natural resource	80,000	By Electricity bill	8,000
		By Life insurance premium	12,000
To Royalty from writing medical books after TDS	85,000	By Collection cost of natural resource income	2,000
To Rent from letting our personal property	30,000	By Donation to Bir Hospital	20,000
		By Research & Development cost	300,000
		By Balance c/d	210,250
	3,000,000		3,000,000

Additional information:

- Car was used equally for both official as well as personal purchase.
- He has charged Rs. 8,000 and Rs. 2,000 depreciation on car and sofa set respectively.
- One-third of telephone expenses relates to his personal work.
- The following collection expenses were not paid till the cost of the previous year.
 - Royalty from writing books Rs. 1,000
 - Rent from letting personal property Rs. 1,500
- Life insurance premium was paid on his own life policy of Rs. 200,000
- A gift in kind was presented by a patient, whose market price was Rs. 10,000