



SA – 783

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VI Semester B.Com. Examination, April/May 2015
(Repeaters) (Semester Scheme) (Prior to 2014-15)

COMMERCE

Paper – 6.2 : Income Tax – II
(100-2013-14 Only)/(90-Prior to 2013-14)

Time : 3 Hours

Max. Marks : 100/90

- Instructions:** 1) Answer should be completely written either in **English** or in **Kannada**,
2) Section **A, B, C** – Common to **all** students.
3) Section **D** – **Compulsory** for 100 marks paper.

SECTION – A

Answer **any ten** sub questions from the following. **Each** question carries 2 marks.

(10×2=20)

1. a) What do you mean by profession ?
- b) What do you mean by short term capital gain ?
- c) Mention the provisions for deduction u/s 80 C.
- d) What are less tax securities ?
- e) Give the meaning of speculation business.
- f) Mention any two expressly allowance expenses under business income.
- g) Mention any two types of assessment.
- h) What is capital asset ?
- i) What do you mean by dividend ?
- j) Name any 4 incomes chargeable to tax under the head income from other sources.
- k) Give the meaning of casual income with an example.
- l) Mention any two losses which cannot be set off against income under other heads.

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SECTION – B

Answer **any five** questions from the following. **Each** question carries **five** marks.

(5×5=25)

2. State the conditions u/s 54 for claiming exemption from capital gain.
3. State the rules regarding intra head set off of losses.
4. Explain how capital gain/loss is computed on the sale of depreciable assets.
5. Mr. Rangarajan Sold his residential house on 1-1-2014 for Rs. 17,60,000 which he had purchased in 1981-82 for Rs. 2,00,000. He spent Rs. 6,000 for sale of the house. He also spent Rs. 1,50,000 on the construction of a new house and deposited Rs. 1,00,000 under capital gains account scheme on 28-3-2014. The CII for 1981-82 and 2013-14 are 100 and 939 respectively. Compute his taxable capital gains for the assessment year 2014-15.
6. Discuss with reasons, the admissibility of the following expenses while computing profits and gains of business :
 - a) Income tax paid Rs. 30,000
 - b) Outstanding sales tax of previous year paid during the year Rs. 20,000
 - c) Interest paid on loan taken for daughter's marriage Rs. 8,000
 - d) Loss due to robbery Rs. 50,000
 - e) Legal expenses Rs. 10,000 to defend the assessee's title to his assets.



7. Profit and loss a/c of a trader shows a net profit of Rs. 22,000 after charging the following items :

Income tax Rs. 8,000; Income tax appeal expenses Rs. 5,000; Interest on loan taken for business purposes 3,000; Purchase of office furniture Rs. 4,000; Payment to a creditor in cash Rs. 30,000; Provision for sales tax Rs. 10,000 (Paid on 10-6-2014). Donation to National Defence Fund Rs. 5,000 and Bad debts recovered (disallowed in the past) Rs. 5,000.

Find his income from business for the A.Y. 2014-15.

8. Raju is an unmarried individual who is physically handicapped (Certified as severely disabled). His GTI during P. Y. 2013-14 amounted to Rs. 2,00,000. He doesn't own any house. He lives in a rented house paying a rent of Rs. 1,500 p.m. Compute his taxable income for A. Y. 2014-15.

SECTION – C

Answer **any three** questions. **Each** question carries **15** marks. **(3×15=45)**

9. From the Profit and Loss a/c of Mr. Suresh for the year ended 31-3-2014, compute the income from business for the A.Y. 2014-15.

Profit and Loss a/c			
	Rs.		Rs.
To Office expenses	40,000	By Gross profit b/d	6,40,000
" General expenses	16,000	" Interest on Govt. securities	11,200
" Interest on Bank loan	4,000	" Discount received	16,000
" Audit fees	4,000	" Bad debts recovered	
" Interest on capital	12,000	(Not allowed earlier)	800



" Rent	20,000	" Sundry receipts	16,000
" Income tax	16,000	" Dividend	16,000
" Charity	8,000		
" Legal expenses	4,000		
" Compensation to retrenched employees	20,000		
" Extension of building	36,000		
" Sales tax	8,000		
" Net profit	5,12,000		
	7,00,000		7,00,000

Other information :

- 1) General expenses included Rs. 8,000 towards purchase of a computer.
 - 2) Legal expenses include Rs. 1,600 penalty to customs authority.
 - 3) Rent includes Rs. 8,000 paid as rent of the house in which the assessee lives.
 - 4) Depreciation allowed Rs. 12,000 as per income tax rules (excluding depreciation on assets acquired during the year).
10. Dr. Rajkumar, a medical practitioner, furnishes his receipts and payments a/c for the P.Y. 2013-14. Compute his income from profession for the A. Y. 2014-15.

Receipts and payments a/c

	Rs.		Rs.
To Balance b/d	40,000	By Purchase of professional books	30,000
" Visiting fees	1,20,000	" Membership fees of medical council	6,000
" Consultation fees	80,000	" Household expenses	18,000
" Sale of medicines	1,35,000	" Rent of clinic	24,000



" Salary as a part		" Income tax	26,000
time lecturer	96,000	" Purchase of medicine	1,00,000
" Gift from patients	30,000	" Car expenses	40,000
" Interest on post office		" Electricity and water	12,000
savings bank a/c	12,000	" Salary to staff	36,000
" Dividends from		" Surgical equipments	
Domestic Co.	10,000	purchased	40,000
		" Balance c/d	1,91,000
	5,23,000		5,23,000

Additional Information :

- a) 50% of Motor Car expenses relates to his personal use.
- b) Depreciate car and surgical equipments by 15% and books by 60%.
- c) Gifts include Rs. 10,000 received from his patients on his birthday.

11. Mr. Rohan submits the details of his assets sold for the year ending 31-3-2013.

Compute his capital gains for the A. Y. 2014-15.

- a) Shares (Purchased in April 1991 for 54,000) sold on 15-12-2013 for Rs. 95,000.
- b) Debentures (purchased in Sept. 2012 for Rs. 50,000) sold on 31-8-2013 for Rs. 45,000.
- c) Sold his motor car (Personal) (Purchased in August 2007 for Rs. 1,50,000) on 15-3-2014 for Rs. 1,60,000.



d) On 1-4-82 he agreed to sell jewellery to Mr. Ramu for Rs. 2,70,000 which was purchased in 1977 for Rs. 1,50,000 (FMV on 1-4-81 Rs. 2,00,000). However the sale could not be effected as Mr. Ramu backed out. He forfeited the advance of Rs. 20,000 which he had received from Mr. Ramu. He now sold the jewellery on 15-7-2013 for Rs. 13,10,000 and incurred Rs. 10,000 as selling expenses, on 15-8-2013, he purchased a small residential house for Rs. 2,50,000.

CII for 81-82 : 100; 91-92 : 199; 2013-14 : 939.

12. Compute the income from other sources of Mr. Rama Swamy, a professor and resident in the year for the A. Y. 2014-15.

- a) Salary from college Rs. 25,000 p.m.
- b) Royalty from the book written on income tax Rs. 2,00,000. He claims deduction towards the salary to the clerk Rs. 12,000 and telephone expenses Rs. 3,000 paid in this connection.
- c) Income from articles published in magazines Rs. 40,000.
- d) He lives in a rented house paying a rent of Rs. 3,000 p.m. He sublet $\frac{1}{3}$ portion of this house at Rs. 1,500 p.m. He paid Rs. 6,000 as municipal tax on the whole house and paid Rs. 3,000 towards repairs of the whole house as per the agreement.
- e) He is an examiner in several universities and from this source he received Rs. 12,600 during the year.
- f) He delivered lectures at an institute and received Rs. 600 per lecture for 20 lectures delivered during the year.
- g) Income from an agricultural land situated in Srilanka Rs. 70,000.
- h) Rs. 8,000 p.m. as scholarship for research work from the UGC.



13. Sri. Rajesh gives you the following information for the P. Y. 2013-14. Compute his total income.

Income :

- 1) Income from house property (computed) Rs. 40,000
- 2) Income from petty business (computed) Rs. 50,000
- 3) He sold jewellery for Rs. 5,00,000 on 1-3-2014 (these were purchased by him for Rs. 3,00,000 on 1-4-2012)
- 4) He received Rs. 35,000 from Kerala State Lotteries
- 5) Received Rs. 9,000 (Gross) interest on fixed deposits in a Bank
- 6) Gift from his father-in-law Rs. 75,000
- 7) Income from agriculture in Chennai Rs. 35,000

Expenditure :

- 1) Purchase of lottery tickets Rs. 1,500
- 2) Commission on sale of jewellery Rs. 3,000
- 3) Life insurance premium on own life Rs. 15,000, on the life of his wife Rs. 8,000 and on the life of his mother Rs. 5,000
- 4) Purchase of NSC VIII issue Rs. 9,000
- 5) Contribution to PPF Rs. 5,000
- 6) Medical insurance premium on his health Rs. 6,000 and on the health of his father Rs. 6,000 paid by cheque.
- 7) Donation to P.M's Drought Relief Fund Rs. 20,000, to the University of Bangalore Rs. 10,000 and to a Sports Association Rs. 6,000.
- 8) Total amount spent on agricultural activities Rs. 31,000.

SECTION – D

Answer the following questions. This question carries 10 marks.

(1×10=10)

14. Briefly discuss any 5 powers of the Commissioner of Income Tax.