



MS – 450

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VI Semester B.Com. Examination, May 2016
(Semester Scheme) (Freshers + Repeaters)
(2014 – 15 & Onwards)
Paper – 6.3 : COMMERCE
Income Tax – II

Time : 3 Hours

Max. Marks : 100

Instruction : Answers should be written **completely** in **English** or in **Kannada**.

SECTION – A

Answer **any ten** sub questions. **Each** sub question carries **two** marks. (10×2=20)

1. a) What is vocation ?
- b) What is short term capital gains ?
- c) What is meant by carry forward and set off of losses ?
- d) What is meant by cost of improvement ?
- e) State any four transactions included under the term transfer.
- f) What is meant by cash system of accounting ?
- g) How do you treat bad debt recovered earlier written off ?
- h) What is gross total income ?
- i) What is grossing up and why it should be done ?
- j) State the provisions U/s 80U.
- k) What are listed and unlisted securities ?
- l) How do you treat family pension received by the family members of a deceased person ?

P.T.O.



SECTION – B

Answer **any four** questions. **Each** question carries **eight** marks.

(4×8=32)

2. State the provisions of Section 54 EC and 54 F.
3. Mr. Vakil has the following receipts and payments for the year ended 31-3-2015.
Compute his Professional Income :

Receipts	Rs.	Payments	Rs.
Consultation fee	2,00,000	Office rent	1,20,000
Drafting charges	1,50,000	Salary to	
Dividend received	60,000	juniors and staff	84,000
Lectures in		Car expenses	
law institutes as		(25% personal)	40,000
guest faculty	20,000	Books (annual)	10,000
Gift from clients	30,000	Contribution to PPF	15,000

4. Calculate the aggregate gifts received by Mr. Govind during the previous year ended 31-3-2015
- Gift received from mother in the form of jewellery Rs. 2,00,000/-
 - Gift from elder brother in cash Rs. 60,000/-
 - Gift of cash from uncle Rs. 60,000/-
 - Gift from colleagues on the occasion of his marriage in cash Rs. 35,000/-
 - Gift of a portable colour T.V. received from his cousin worth Rs. 8,000/-
 - Gift of Rs. 45,000 in cheque from non-resident friend.
 - Gift of site from non-relative by will Rs. 12,00,000/-



5. Calculate the total taxable capital gains for the A.Y. 2015 – 16 in respect of the following transfers.

a) Sale of goodwill which is self generated in April 2014 Rs. 1,50,000/-.

b) Sale of rights shares in July 2014 for Rs. 28,000/-. These were allotted at a cost of Rs. 9,000/- during P.Y. 2012 – 13.

(CII : 2012 – 13 : 852 & 2014 – 15 : 1024)

c) Sale of personal vehicle for Rs. 90,000 and its cost Rs. 1,20,000/-

d) Machinery sold in October 2014 for Rs. 1,96,000. Its cost on the date of purchase was Rs. 1,60,000/- and W.D.V. on 1-4-2014 was Rs. 1,44,000/-

6. Mr. Ajit has a GTI of Rs. 7,00,000/- for the previous year 2014 – 15 and the following particulars are given :

a) LIP on own life Rs. 70,000/-.

b) Amount invested in mutual funds of UTI Rs. 45,000/-

c) Interest on loan taken for the higher education of his daughter Rs. 30,000/-

d) He has maintained his younger brother dependent on him with specified disability. Maintenance expense Rs. 2,00,000 p.a.

e) The G.T.I. has included Rs. 20,000 received as Royalty as an author and net value of books sold is Rs. 4,30,000/-.

f) The assessee himself is physically handicapped.

Calculate Net Total Income.



SECTION – C

Answer **any three** questions. **Each** question carries **sixteen** marks.

(3×16=48)

7. Information about assessee

a) Composite rent of building along with machinery Rs. 2,50,000/-.

The following are the expenses on machinery : Depn : Rs. 8,000/-

Repairs Rs. 4,000/-

b) He earned a Royalty of Rs. 40,000/- from stone quarry and the expenses to earn this income Rs. 3,000/-.

c) Salary as M.P. Rs. 35,000/-.

d) Income from bank fixed deposits Rs. 45,000/-

e) He earned a dividend from foreign companies grossing Rs. 65,000/- of which Rs. 15,000/- was deducted as T.D.S. in that country and the balance was received in India.

f) Winnings from Horse Race Rs. 2,10,000/- (Net).

g) Remuneration as examiner from a University Rs. 48,000 and incidental expenses Rs. 6,000 of which 50% expenses were reimbursed by University.

h) Unexplained expenditure Rs. 10,000/-

i) He has taken a house on rent for 21,000/- p.m. He has sub-letout $\frac{1}{3}$ of the house @ Rs. 15,000 p.m. and the expenses relating to the entire house incurred by him : Municipal Tax : 15,000/-

Repairs : 6,000/-

Compute the income from other sources for the A.Y. 2015 – 16.



8. The following is the Receipt and Payment Account of Mr. Ramki a Chartered Accountant for the P.Y. ended on 31-3-2015.

	Rs.		Rs.
To Balance b/d	1,50,000	By Staff salary	3,00,000
" Audit fee	2,00,000	" Stipend to Audit Clerks	1,00,000
" Tax consultancy fee	2,50,000	" Office rent	90,000
" Project report fee	2,50,000	" Software development expenses	10,000
" Accounting software charges	50,000	" Office Exp.	1,25,000
" Guest lectures in CA Institute	25,000	" Books Annual	30,000
" Bank interest	25,000	Non-Annual	30,000
" Remuneration as member tax reforms commission	20,000	" Car expenses	65,000
		" CA institute membership fee	5,000
		" Contribution to PPF	50,000
		" Balance c/d	1,65,000
	9,70,000		9,70,000

Other Information :

- a) $\frac{1}{4}$ car usage is personal.
- b) Depn. on car Rs. 10,000/-.
- c) Depn. on office furniture Rs. 7,000/-

Compute income from profession taxable for the A.Y. 2015 – 16



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	9,70,000		9,70,000

Other Information :

- a) $\frac{1}{4}$ car usage is personal.
- b) Depn. on car Rs. 10,000/-.
- c) Depn. on office furniture Rs. 7,000/-

Compute income from profession taxable for the A.Y. 2015 – 16



9. Mr. Amar gives you the following P & L Account for the P.Y. 2014 – 15 and compute his taxable business income

	Rs.		Rs.
To salaries	1,80,000	By GP	10,00,000
” Rent and rates	1,20,000	” Commission	1,00,000
” Establishment expenses	2,70,000	” Refund of VAT	25,000
” Provision for bad debts	5,000	” Refund of excise penalty	50,000
” Publicity	30,000	” Interest	25,000
” Patent purchased	1,00,000	” Rent from H. property	1,20,000
” Technical know-how [on 1-1-15]	1,00,000	” Profit on sale of shares	30,000
” Depn.	70,000	” Share of income from HUF	1,00,000
” Excise duty provision	80,000		
” Donation to National Laboratory	50,000		
” NP	4,45,000		
	14,50,000		14,50,000

Other Information :

- a) Establishment expenses include Rs. 10,000 for repairs to house property.
- b) Salary includes Rs. 30,000 to owners son, and I.T.O. points out Rs. 5,000 is excessive. 0
- c) Establishment expenses also included Rs. 5,000/- expenditure paid out of India without T.D.S. in India.
- d) 40% of excise duty provision was paid before last date for filing return and the balance still unpaid. 0)
- e) Depreciation allowable as per IT provision Rs. 50,000 [Excluding patent and technical know-how purchased].

0. Mr. Ramanand inherited 20 acres of agricultural land in urban limits from his father during 1979. The FMV on 1-4-1981 was Rs. 38,000/- per acre. He made improvements during the P.Y. 1985 – 86 at a cost of Rs. 3,000 per acre (CII 133).

On 17-8-2014 he sold 10 acres at Rs. 12,50,000 per acre and expenditure on transfer was 4%. He made the following appropriations.

- a) Purchased another of 10 acres of agricultural land at Rs. 1,90,000 per acre.
- b) Purchased a residential house for Rs. 24,00,000/-
- c) Paid Rs. 9,00,000/- for a bank loan taken for private purpose.

Compute taxable capital gain.

(CII 1981 – 82; = 100 2014 – 15 = 1024)

T.O.