



MS – 465

59
VI Semester B.Com. Examination, May 2016
(Prior to 2014-15)
(Repeaters) (Semester Scheme)
(100 – 2013-14 Only)/(90 – Prior to 2013-14)
COMMERCE
Paper – 6.2 : Income Tax – II

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

1. Answer **any ten** sub-questions from the following. **Each** question carries **2** marks.
(10×2=20)
- a) What is profession ?
 - b) Mention the provisions for deduction U/S 80 C.
 - c) How do you treat OYT expenditure ?
 - d) What is casual income ?
 - e) What is depreciation ?
 - f) What is long term capital asset ?
 - g) What is indexed cost of acquisition ?
 - h) What is speculative transaction ?
 - i) Expand : CBDT.
 - j) What is block of assets ?
 - k) Mention the income tax exemption limit for the person below 60 years of age.
 - l) Expand CIT.

P.T.O.



SECTION – B

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

(5×5=25)

2. Discuss briefly best judgement assessment.
3. Mention the 5 powers of Central Board of Direct Taxes.
4. State the conditions U/S 54 for claiming exemption from capital gain.
5. Mr. Raju bought a residential house property in Jan. 2004 for ₹ 2,34,000. He renovated the property in 2009-10 at the cost of ₹ 3,21,000 of the property was sold for ₹ 39,00,000 in Nov. 2014 (brokerage 2%). He bought another residential house property in Feb. 2015 for ₹ 6,60,000. Compute the taxable capital gains for the A.Y. 2015-16 (C11 2003-04 = 463, 2009-10=632, 2014-15=1024).
6. Discuss the admissibility of the following expenses while computing profits and gains of business.
 - 1) Sales tax paid during the year ₹ 20,000
 - 2) Life Insurance Premium ₹ 50,000
 - 3) Interest on capital ₹ 8,000
 - 4) Loss due to theft ₹ 25,000
 - 5) Donation to political party ₹ 10,000.
7. Sairam (age 50 years), a resident of Mysore, who runs on agency business does not own a house. He lives in a rented house by paying ₹ 15,000 monthly rent. His gross total income is ₹ 6,60,000 and he is eligible for a deduction of ₹ 60,000 U/S 80 C.

Compute the amount deductible for the A.Y. 2015-16 U/S 80 GG.

8. Profit and Loss A/c for the year ending 31-3-2015 is as follows :

	₹		₹
To Cost of goods sold	7,50,000	By sale proceeds of goods	23,00,000
To Salary to employees	9,90,000		
To Other Expenses	1,00,000		
To Net Profit	4,60,000		
	23,00,000		23,00,000

The salary of ₹ 9,90,000 comprises ₹ 1,00,000 as house hold expenses.

Compute the Income from Business of Mr. Murali for the A.Y. 2015-16.



SECTION – C

Answer **any three** questions. **Each** question carries **15** marks.

(3×15=45)

9. Dr. Anil, a medical practitioner, furnishes his Receipts and Payments A/c for the P.Y. 2014-15. Compute his Income from profession for the A.Y. 2015-16.

	₹		₹
To Balance b/d	40,000	By Purchase of professional books	50,000
" Visiting fees	1,00,000	" Membership fees of medical council	8,000
" Consultation fees	1,00,000	" Household expenses	28,000
" Sale of medicines	1,35,000	" Rent of clinic	24,000
" Salary as a part time lecturer	26,000	" Income tax	26,000
" Gift from patients	50,000	" Purchase of medicine	1,00,000
" Interest on Post Office Saving Bank A/c	42,000	" Car Expenses	40,000
" Dividends from Domestic Co.	30,000	" Electricity and water	22,000
		" Salary to staff	56,000
		" Surgical equipments purchased	40,000
		" Balance c/d	1,29,000
	5,23,000		5,23,000

Additional Information :

- 50% of Motor Car Expenses relates to his personal use.
- Depreciate Car and Surgical equipments by 15% and books by 100%.
- Gifts include ₹ 20,000 received from his patients on his birthday.

10. Determine the Net Income of Dr. Pavan for the A.Y. 2015-16 from the following particulars :

	₹
1) Chargeable Business Income	6,35,000
2) Long-term capital gains in respect of commercial buildings	1,17,000
3) Long-term capital gains in respect of shares (non-listed)	1,10,000
4) Income from Horse-race (Gross)	1,04,000
5) Winnings from lottery (net)	1,92,500



6) Expenditure on recovery of lottery prize	26,000
7) Interest from IDBI	18,000
8) Interest paid on capital borrowed for investing in IDBI bonds	18,500
9) Interest on company deposit	48,200
10) Payment of rent for residential house	1,36,000
11) Insurance premium paid on life policy (Sum-assured ₹ 90,000)	24,000
12) Mediclaim Insurance on his father	16,000

11. Mr. Karthik, a resident of India has furnished the following Incomes for the P.Y. 2014-15. Compute his Income from the sources for the A.Y. 2015-16.

- Winnings from crossword puzzles (net) ₹ 5,560
- Royalty from text book written by him (gross) ₹ 48,000
(Admissible expenses ₹ 12,500)
- 8% interest on ₹ 40,000 Municipal debentures.
- 10% interest on ₹ 80,000 Karnataka State Govt. Loan.
- He has invested ₹ 80,000 in 7% Capital Investment Bonds of Govt. and received interest for the year.
- ₹ 6,000 as interest on bank deposits.
- Dividends from a domestic company ₹ 18,000
- Income from undisclosed sources ₹ 20,000

12. Sriram (age 55 years), a Resident of Mumbai submits the following Profit and Loss A/c for the year ending 31-3-2015.

Dr.		Cr.	
	₹		₹
To Opening Stock	1,10,000	By Sales	36,00,000
" Purchases	14,00,000	" Closing stock	2,20,000
" Wages	3,00,000		
" Gross profit	20,10,000		
	38,20,000		38,20,000



To Advertisement	2,00,000	by G/P b/d	20,10,000
" Salary to Staff	6,60,000	" Rent	2,40,000
" Sriram's Salary	1,20,000	" Commission	1,50,000
" Audit fees	60,000	" Bad Debts recovered	
" Bad debts	40,000	(earlier disallowed)	70,000
" Reserve for Bad Debts	50,000	" Dividend on SRM Ltd.	
" General Expenses	2,50,000	Shares (Gross)	30,000
" Municipal Tax	24,000		
" Fire Ins. premium on goods	26,000		
" Depreciation	78,000		
" Patent rights	1,60,000		
" Staff Welfare Fund	40,000		
" Employees RPF	50,000		
" Sales Tax	1,90,000		
" Donation to NDF	1,00,000		
" Premium on Sriram's Life Insurance	36,000		
" Net profit	4,16,000		
	25,00,000		25,00,000

Other Information :

- Advertisement includes ₹ 1,00,000, being cost of permanent sign board.
- Business income of ₹ 70,000 was not recovered in the P&L A/c
- General Exp's include ₹ 80,000 paid for securing business orders and ₹ 60,000 spent on Sriram's birthday.
- Depreciation allowable on all assets including permanent sign board but excluding patent rights as per IT Rules was ₹ 80,000.

Compute Taxable Income from business for the A.Y. 2015-16.



13. Mr. Ganesh sold the following assets during the F.Y. 2014-15.

- 1) He sold urban plot of land for ₹ 38,00,000 (brokerage 2%). This was purchased in April 2009 for ₹ 18,00,000 (brokerage 1.5%)
- 2) 1500 equity shares of Tata Steel were sold at ₹ 800 per share (brokerage 0.5%) in Jan. 2015. These shares were bought in April 2008 at ₹ 1,400 per share (brokerage 1%)
- 3) Jewellery was sold for ₹ 8,45,000. This was purchased in May 2008 for ₹ 4,20,000.
- 4) A Residential house property was sold in Nov. 2014 for ₹ 56,00,000 (brokerage 2%). This property was purchased in March 2001 at a cost of ₹ 5,36,000, it was renovated in 2008-09 at a cost of ₹ 2,52,000.

Compute the taxable capital gains for the A.Y. 2015-16.

(C11 2000-01 = 406, 2008-09=582, 2009-10=632, 2014-15=1024)

SECTION – D

(Compulsory for answering 100 marks paper)

Answer the following question. This question carries **10** marks.

(1×10=10)

14. List out any ten Incomes chargeables under the head other sources.