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VI Semester B.Com. Examination, May 2016
(Semester Scheme)
(Fresh + Repeaters) (2014-15 and Onwards)
COMMERCE

(Elective Paper – III) (Paper – 6.5) Business Taxation – II

Time : 3 Hours

Max. Marks : 100

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

SECTION – A

1. Answer **any ten** sub-questions. **Each** carries **two** marks : **(10×2=20)**
- a) List the due dates for filing of service tax returns.
 - b) What is the basis of charge ?
 - c) Name any two declared service ?
 - d) Expand PFAS and AOP.
 - e) List the deductions under Section 80 applicable to a firm.
 - f) What is recovery of service tax ?
 - g) What is zero tax companies ?
 - h) What is widely held company ?
 - i) Define the term person as per Income Tax Act 1961.
 - j) Give the meaning of GST.
 - k) Write any two challenges in GST.
 - l) What will be “out of GST” ?

P.T.O.



SECTION – B

Answer **any four** questions from the following. **Each** carries **eight** marks : (4×8=32)

2. Write the administrative structure of Service Tax.
3. Briefly explain the advantages of Proposed GST.
4. State whether the following are admissible or inadmissible expenses under the provisions of Income Tax Act :
 - a) Gift tax paid
 - b) L.I.C. premium on Director and his family member's life
 - c) Payment of licence fees for obtaining franchise
 - d) Professional Tax paid
 - e) Annual listing fees paid towards stock-exchange by a company
 - f) Expenditure incurred towards current repairs in a business
 - g) Capital expenditure paid
 - h) Pension paid to employees.
5. Profit and loss account of ABC and Co. for the year ending 31st March 2015 is as follows (a firm of chartered accountants and satisfies all conditions of Section 184 and 40 (b) :

Particulars	Amount	Particulars	Amount
Expenses	5,76,000	Receipts from clients	
Depreciation	4,64,000	for tax advice	7,20,000
Remuneration to partners	5,50,000	Audit fees	5,44,000
Interest on capital to partners	1,10,000	Net loss	4,36,000
	17,00,000		17,00,000



Other information :

- a) Out of expenses 1,14,500 is not deductible under Sections 36 and 37
- b) Depreciation as per Section 32 is Rs. 6,46,200
- c) Interest on capital to partners, not deductible under Section 40 (b) is Rs. 35,800

Find out the amount of net income of the firm for the assessment year 2015-16.

6. Sharada Ltd., is engaged in the business of manufacture of refrigerators since 1998. The following assets are acquired during 2014-15 :

Particulars	Block I	Block II	Block III
	P and M	P and M	P and M
Rate of depreciation	15%	40%	60%
W.D.V. as on 1-4-2014	5,00,000	7,50,000	10,00,000
Additions of plants (New)			
during the previous year 2014-15	7,50,000	5,00,000	4,00,000
Date of acquisition and being put into use	Aug. 2014	June 2014	Jan. 2015

Find out the following :

- a) Additional and normal depreciation
- b) Depreciated value of the blocks on April, 2015.



SECTION – C

Answer **any three** questions from the following. **Each** carries **sixteen** marks :

(3×16=48)

7. The following is the Profit and Loss account of X Co. :

A firm of X, Y and Z which satisfies all conditions of Section 184 and 40 (b) for the year ending March 31, 2015 is as follows :

Particulars	Amount (Rs.)	Particulars	Amount (Rs.)
Cost of goods sold	23,95,000	Sales (Commission agency business)	33,00,000
Remuneration to partners		Rent of house property (Half portion)	25,000
X	3,00,000	Interest on debentures (non-trade investment)	30,000
Y	4,50,000		
Z	27,500		
Income tax	4,000		
Interest to partners @ 13.5%			
X	20,000		
Y	5,000		
Z	30,000		
Municipal tax of house property (entire property)	2,500		
Other expenses	1,05,000		
Net profit	16,000		
	33,55,000		33,55,000



Other information :

- a) Out of the other expenses 24,250 is not deductible under Section 36, 37 (1) and 43 B.
- b) On January 15, 2015, the firm pays an outstanding sale tax liability of Rs. 1,461 of the previous year 2013-14. As this amount pertains to the previous year 2013-14. It has not been debited to the aforesaid profit and loss account.
- c) Z is not a working partner.
- d) The firm owns a house, the ground floor is used for business purposes, the first floor is given on rent. Municipal tax is paid on May 10, 2015.

Find out the net income of the firm (and tax treatment of payments to partners in their hand) for the assessment year 2015-16.

8. Compute the taxable income of Vijayalakshmi Ltd. for the previous year 2014-15 from the following profit and loss account :

Particulars	Amount (Rs.)	Particulars	Amount (Rs.)
Salaries	50,000	Gross profit	5,00,000
Bonus	50,000	Interest	10,000
Postage and stationery	30,000	STCG	15,000
General expenses	20,000		
Depreciation	25,000		
Income tax	50,000		
Provision for income tax	2,00,000		
Net profit	1,00,000		
	5,25,000		5,25,000

**Adjustments :**

- a) The amount of depreciation admissible under the IT Act is Rs. 15,000.
 - b) The amount of interest is from Govt. securities.
 - c) The General Expenses includes Rs. 5,000 for advertising, Rs. 2,000 for charitable donation, Rs. 3,000 paid for exchanging the old car for a new one and Rs. 5,000 for miscellaneous repairs.
9. From the following details, compute the value of taxable services and service tax liability for the assessment year 2014-15 :
- a) Services provided by foreign diplomatic mission Rs. 5,00,000.
 - b) Aerial advertising Rs. 1,00,000.
 - c) Service by way of private tuitions Rs. 30,000
 - d) Speed post services Rs. 50,000/-
 - e) House given on rent for residential purpose Rs. 3,00,000
 - f) Value of free services rendered to friends Rs. 50,000
 - g) Services rendered to UNO Rs. 2,00,000/-
 - h) Certification for exchange control purpose Rs. 50,000
 - i) Secretarial auditing Rs. 20,000
 - j) Fees to act as a liquidator Rs. 1,00,000



- k) Vacant land used for horticulture Rs. 10,00,000
 - l) Sale of time slot by broadcasting organisation Rs. 1,00,000
 - m) Services rendered within Indian territorial water Rs. 10,00,000
 - n) Services relating to supply of farm labour Rs. 2,00,000.
10. From the information given below compute the tax payable by Sri Lakshmi Narayan and Co., keeping in view the provisions of MAT U/S 115-JB for the assessment year 2015-16 :

Profit and Loss A/c for the year ending 31-03-15

Particulars	Amount (Rs.)	Particulars	Amount (Rs.)
Expenses related to sales	20,00,000	Sales	28,00,000
Security transaction tax paid relating to LTCG	6,000	LTCG (Exempt U/S 10 (38))	3,00,000
		Interest on Govt. securities	30,000
Depreciation	1,70,000		
Proposed dividend	2,60,000		
Income tax	1,20,000		
Net profit	5,74,000		
	31,30,000		31,30,000

**Other Information :**

- a) The company revalued its asset from 2,00,000 to Rs. 4,00,000.
The depreciation allowable under the Income Tax Act is Rs. 1,00,000
- b) Brought forward loss as per books of a/c Rs. 2,50,000
- c) Brought forward depreciation as per books of a/c Rs. 60,000
- d) Brought forward unabsorbed depreciation Rs. 1,10,000.