

**B.Com. VI Semester Degree Examination, May/June - 2019**

**COMMERCE**

**Income Tax - II**

**Paper - 6.6**

Time : 3 Hours

Maximum Marks : 80

**Instructions to Candidates:**

Attempt **ALL** sections according to Internal choice.

**SECTION - A**

**Note :** Answer any **TEN** questions from the following :

(10×2=20)

1. Expand the abbreviations of PAN and TAN
2. What is Tax free commercial security?
3. What is capital Gain?
4. What do you mean by "Previous Year"?
5. Who is a working partner?
6. Who is carry forward of losses?
7. What do you mean by "Tax Deducted at source"?
8. What is Hindu undivided family?
9. Who is a karta?
10. What is Assessment year?
11. What is Meant by Dayabhaga school of law?
12. Who is an individual?

[P.T.O]



Answer any **THREE** questions from the following :

13. Mr. Naresh provides you the following information for the previous year 2017-18.

- a) Income from salary Rs. 10,50,000.
- b) Income from House property Rs. 1,00,000.
- c) Computed Business income Rs. 5,000.
- d) Long - Term capital Gain Rs. 2,00,000.

During the year, he donated Rs. 50,000 to the National defence fund and Rs.50,000 to the prime minister national relief fund.

Compute the taxable income of Mr. Naresh for the A.Y- 2018-19.

14. Smt. Roopa furnished the following details for the previous year ending 31-3-2018.

- a) Interest on central Government securities Rs. 20,000.
- b) Winnings from lotteries (Net) Rs. 14,000.
- c) Interest on Debentures of ABC Ltd. Rs. 3,600.
- d) Dividends from Indian company Rs. 5,000.
- e) Income from Non-Agriculture Rs. 6,000.

You are asked to compute Her income from other sources for the A.Y. 2018-19.

15. Mahesh and Naresh are the working partners in a firm sharing profit and losses in the ratio 2:1. Their capital stood at Rs. 1,00,000 each as on 1-4-2017. The profit and loss account of the firm showed a Net Profit of Rs.15,000 for the year ending 31-3-2018 after charging the following.

- a) Interest on Capital Rs. 14,000 to Mahesh and Rs. 14,000 to Naresh.
- b) Salary to partners Rs. 50,000 to Mahesh and Rs. 40,000 to Naresh.

Compute the Income of the Firm for the A.Y. - 2018 - 19.

16. Explain briefly "Different types of Assessment".

17. Mr. Deepak purchased a house on 1-5-2013 for Rs. 924000 and was used for residence. The owner had contracted to sell the property in June - 2016 for Rs. 1200000 and had received an advance of Rs. 1,00,000 towards sale. The intending purchaser did not proceed with the transaction and the advance was forfeited by Deepak in May 2017. The property

was sold to another party in December - 2017. For Rs. 15,61,400. He purchased a new House for Rs. 4,00,000 in January 2018.

The cost indices for the years were 2013-14 = 220 and 2017-18 = 272.

Compute the taxable capital gain of Mr. Deepak for the A.Y. - 2018-19.

### SECTION - C

**Note :** Answer any **THREE** questions from the following : (3×15=45)

18. Mr. vijay has furnished the following information of his income, for the previous year - 2017-18.

- 1) Rs.20,000 P.M. as member of parliament.
- 2) Dividend from foreign company Rs. 12,000.
- 3) Dividend from Indian company Rs. 20,000.
- 4) Ground Rent of Rs. 20,000 on mining land.
- 5) Winnings from lottery of Rs. 70,000 (Net).
- 6) Director's fees Rs. 6,000.
- 7) Rs. 30,000, 7% capital investment Bonds of central Government.
- 8) Rs. 40,000, 8% Karnataka Government Bonds.
- 9) Rs. 36,000, 10% Tax free commercial securities (unlisted)
- 10) Rs. 25,000, 12% Bangalore Development Authority Bonds.

He claims the following expenses.

- a) Interest on loan for purchasing securities Rs. 2,000.
- b) Collection charges paid to the Banker Rs. 200.
- c) Rs. 1000 For purchasing lottery Ticket.
- d) Rs. 500 Brokerage paid for purchasing securities.

Compute income from other sources of Mr. vijay for the A.Y. - 2018 - 19.

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19. A and B are working partners in a Business firm sharing profit and loss in the ratio of 3:2 and their capital accounts showed credit Balance of Rs.2,00,000 and Rs. 1,50,000 respectively as on 1-4-2017. The following is the P& L Account of the firm.

Profit and loss Account for the year ending 31-3-2018

Dr				Cr	
Sl No.	Particulars	Rs.	Sl. No.	Particulars	Rs.
(1)	To Salary to staff	51,000	(1)	By Gross profit	2,50,000
(2)	To commission to partners		(2)	By Rent From House	
	A - 20,000			Property	24,000
	B - 10,000	30,000	(3)	By interest on fixed	
(3)	To Salary to partners			Deposit with Bank	
	A - 24,000			(Gross)	9,000
	B - 24,000	48,000	(4)	By Interest on	
(4)	To Repairs	9,000		P.O.S.B.A/C	2,000
(5)	To Municipal Tax	2,000			
(6)	To interest on capital				
	A - 28,000				
	B - 21,000	49,000			
(7)	To Miscellaneous Expenses	23,000			
(8)	To Charity	2,000			
(9)	To depreciation	23,000			
(10)	To car Expenses	10,000			
(11)	To Bad Debts	5,000			
(12)	To advertisement	8,000			
(13)	To income Tax	15,000			
(14)	To Net Profit				
	A - 6,000				
	B - 4000	10,000			
		<u>2,85,000</u>			<u>2,85,000</u>

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**Additional information :**

- a)  $\frac{1}{2}$  of car expenses relate to personal use of partners.
- b) Municipal Taxes pertain to House property let - out.
- c)  $\frac{1}{2}$  of Repairs also pertains to House property let out.
- d) Miscellaneous expenses include Rs. 15,000 donation paid to municipal corporation for promoting family planning.
- e) Depreciation allowable as per rules is Rs. 8,000 for business.

Compute total income of the firm for the A.Y. - 2018-19.

20. Following are the particulars of income of H.U.F. for the previous year ending 31-3-2018.

- 1) Net profit from the family Business Rs.40,900. This profit was computed after debiting the following
  - a) Salary to karta Rs. 15,000
  - b) Salary to Member of family Rs. 16,000 (ITO considered Rs. 12000 as reasonable)
  - c) Loss from speculations Business Rs. 5,000.
  - d) Donation to V.S.K. university (approved) Rs. 2,000.
  - e) Donation to political party Rs. 6,000.
- 2) Family owns Two Houses : the details are
  - House-1-self occupied.
    - a) Municipal value Rs. 20,000.
    - b) Municipal Tax paid Rs. 2,000.
    - c) Interest on loan for construction Rs. 8,000.
  - House - 2-Let-out
    - a) Municipal value Rs. 33,000.
    - b) Fair Rent Rs. 30,000
    - c) Actual Rent Received Rs. 36,000.
- 3) Interest on Bank Deposit Rs. 8,000.
- 4) Long - term capital Gain Rs. 12,000.

You are asked to compute the total income of the H.U.F. for the Assessment year - 2018-19.

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21. From the following receipts and payments account of Dr. Madhu, compute his total income for the A.Y. - 2018-19.

Receipts and Payments Account

Dr		Cr	
Sl No. Receipts	Rs.	Sl. No. Payments	Rs.
(1) Cash on Hand	2,000	(1) Dispensary expenses	22,000
(2) Consultation fees	1,30,000	(2) Medical periodicals	800
(3) Visiting fees	20,000	(3) L.I.C. premium	12,000
(4) X-Ray Fees	50,000	(4) Salaries to staff	60,000
(5) Share from HUF	8,000	(5) Domestic Expenses	55,200
(6) Loan from Bank		(6) Donations	20,000
For purchase of		(7) Deposit in Bank	60,000
Surgical equipment	30,000	(8) Car Expenses	6,000
(7) Winnings from		(9) Cost of surgical	
Lottery (Net)	35,000	Equipment	60,000
(8) Rent from H.P.		(10) Cash in Hand	3,000
let out	24,000		
	2,99,000		2,99,000

Additional Information

- Depreciation allowable as per rule is Rs.5,000.
- Donations are Rs. 2000 to political party and Rs. 18,000 to an approved charitable institution.
- Domestic expenses include Rs. 6,000 being premium on mediclaim policy for himself.



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22. From the following information, compute the taxable capital gains of Mr. praveen for the A.Y. 2018-19.

SL No.	Particulars	Jewellery	Non - Listed Shares
(1)	Cost of Acquisition	2,00,000	21,000
(2)	Year of purchase	1969-70	2002-03
(3)	Cost of Additions	40,000	25,800
(4)	Year of Additions	1999-2000	2007-08
(5)	Cost of Improvement	1,17,000	-
(6)	Year of Improvement	2005-06	-
(7)	Selling expenses	-	1,000
(8)	Sale proceeds	13,54,600	1,55,800
(9)	Year of sale	2017-18	2017-18

The fair market value of Jewellery as on 1-4-2001 was Rs.2,80,000.

The cost inflation Indices were 2001-02 = 100, 2002-03=105, 2005-06=117, 2007-08=129 and 2017-18=272.