



VI Semester B.Com. Degree Examination, May 2017  
COMMERCE  
6.6 : Income Tax – II (General and Computers)

Time : 3 Hours

Max. Marks : 80

*Instruction : Attempt all Sections according to internal choice.*

SECTION – A

Answer **any ten** of the following questions :

(10×2=20)

1. What is capital asset ?
2. What is long term capital asset ?
3. Mention the types of securities.
4. What do you mean by Tax free Government Securities ?
5. Who is an individual ?
6. How do you treat share of profit received by an individual as a partner of firm ?
7. Who is a Karta ?
8. What is partnership ?
9. What is book profit ?
10. State any two incomes which are not treated as Hindu undivided family incomes.
11. State any two examples of disallowed expenses in case of firm.
12. How do you treat loss from speculation business ?

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SECTION – B

Answer **any three** of the following questions :

**(5×3=15)**

13. From the following details of Mr. Arjun, compute his income from other sources for the Assessment Year 2016-17 :

- a) Family pension Rs. 72,000
- b) Winnings from Lottery (net) Rs. 1,68,000
- c) Royalty income (manuscript expenses Rs. 4,200) Rs. 49,200
- d) Income from agriculture in England Rs. 60,000
- e) Directors fees Rs. 18,000

14. What are the conditions for assessing the firm separately ?

15. How do you treat the following :

- a) Income from agriculture amounting to Rs. 25,000 in Mangalore.
- b) Income from agriculture amounting to Rs. 50,000 in Switzerland.
- c) Recovery of bad debts Rs. 10,000 which is disallowed by assessing officer in earlier assessment.
- d) Unrealized rent of the past years Rs. 5,000 is realized during the current year.
- e) Loss of cash by embezzlement Rs. 15,000.

16. Anil, Bharath and Chandra are the partners in a firm of which Chandra is non-working partner. Net profit computed u/s 28 to 44D is Rs. 2,40,000. The firm has debited to its Profit and Loss Account salaries of Rs. 1,50,000, Rs. 1,00,000 and Rs. 80,000 to Anil, Bharath and Chandra respectively.

Calculate income from business of firm.



17. Mr. Ravi has made donations to the following funds and institutions during the previous year 2015-16.

- a) National Defence Fund Rs. 30,000
- b) Prime Minister's National Relief Fund Rs. 15,000
- c) Aid to poor students Rs. 1,500
- d) Book donated to approved college Rs. 3,000
- e) Vijayanagara University College Association (approved) Rs. 45,000
- f) Municipality for promoting family planning Rs. 15,000

His gross total income amounted to Rs. 4,50,000 including long-term capital gain of Rs. 90,000.

Compute the deduction allowable to him U/S 80G for the Assessment Year 2016-17.

SECTION – C

Answer **any three** of the following questions :

**(3×15=45)**

18. From the following information compute the taxable capital gains of Mr. Sunil for Assessment Year 2016-17.

Particulars	Jewellery	Non-listed shares
Cost of acquisition	2,00,000	21,800
Year of purchase	1969-70	1982-83
Cost of additions	40,000	15,000
Year of additions	1979-80	1987-88
Cost of improvement	1,33,000	–
Year of improvement	1985-86	–
Selling expenses	–	1,000
Sale proceeds	44,28,800	3,71,300
Year of sale	2015-16	2015-16

The Fair Market value of Jewellery as on 01-04-1981 was Rs. 2,80,000. The cost inflation indices were : 1981-82 : 100; 1982-83 : 109; 1985-86: 133; 1987-88 : 150 and 2015-16: 1081.



19. Compute income from other sources of Mr. Vinay who held the following investments in the previous year 2015-16.
- a) Rs. 11,000 10% Central Government Securities.
  - b) Rs. 36,000 10% tax free Commercial Securities (listed).
  - c) Rs. 7,200 received as interest on tax-free Public Ltd. Co. Securities (listed).
  - d) Rs. 8,000 received interest on Karnataka State Government Securities.
  - e) Rs. 3,600 received as interest on Mangla Fertilizer Ltd. (listed).
  - f) Rs. 30,000 13.5% securities of Jay Co. Ltd. (unlisted).
  - g) Rs. 35,000 11% securities on a Paper Mill Co. (listed)
  - h) Rs. 10,000 15% Mysore Municipal Corporation Bonds received from his father.
  - i) Dividend received from Liberty Ltd. Rs. 5,000 (Indian Company).

During the year he also got a prize in Karnataka State Lottery. The net amount received by him was Rs. 70,000. Interest on all securities is payable on 1<sup>st</sup> July and 1<sup>st</sup> January every year. Bank charges Rs. 200 as collection charges.

20. Compute the total income of Prof. Raju for the P.Y. 2015-16.

Sl. No.	Particulars	Amount
1.	Business income (computed)	78,000
2.	House property income (computed)	20,000
3.	Interest on Government Securities	5,600
4.	Capital gain :	
	Short term	15,000
	Long term	<u>15,000</u>
		30,000
5.	Winning from Lottery (tickets purchased of Rs. 1,000)	25,000



6. Dividend and Interest :

a) Dividend from Indian Company	5,000
b) Dividend from Foreign Company	10,000
c) Income from U.T.I.	4,000
d) Interest on fixed deposits with bank	6,000
e) Interest on deposit in Binny Cloth Mill	5,000

He made the following payments :

i) LIC premium on policy of Rs. 1,50,000 paid	14,000
ii) Public Provident Fund	20,000
iii) Deposit in 15 year Post Office CTD A/c	6,000
iv) Donation for charitable institution	20,000
v) Medical treatment of handicapped dependent admitted in Hospital for 60 days	30,000

21. X, Y and Z are partners in a firm sharing profits and losses in the ratio of 3 : 2 : 1 respectively. Mr. Z is non-working partner. The following is the Profit and Loss Account for the year ending 31-3-2016.

To General expenses	35,000	By Gross profit	1,80,000
To Rent to Z	24,000	By Interest on Govt. Securities	20,000

To Salary to partners :

X	20,000	
Y	<u>40,000</u>	60,000

To Interest on capital @ 14% :

X	2,800	
Y	5,600	
Z	<u>7,000</u>	15,400

To Income tax	15,000
To Depreciation	8,200
To Salary to staff	10,000

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To Net profit :

X	16,200
Y	10,800
Z	5,400

**2,00,000**

**2,00,000**

**Additional information :**

a) General expenses include Rs. 2,000 paid for purchase of furniture.

b) Depreciation allowable amounted to Rs. 9,000.

Compute the total income of the firm for the Assessment Year 2016-17.

22. A Hindu Undivided Family consists of three members namely ; A, B and C of whom A is the Karta. From the following Profit and Loss Account of the family and the additional information given below. Compute its Total Income for the Assessment Year 2016-17.

Salaries	81,600	Gross Profit	1,72,360
Office rent	12,000	Rent from house property	24,000
General expenses	28,000	Interest on Govt. Securities	16,000
Income tax	8,400	Profit from Smuggling	20,000
Bad debts	2,000	Profit from sale of building	40,000
Provision for doubtful debts	6,000	Winnings from lottery (net)	28,000
Fire insurance	800		
Municipal taxes paid	1,200		
Household expenses	36,000		
Donations to upload institutions	4,000		
Depreciation	9,600		
Collection charges	400		
Net profit	1,10,360		
	<b>3,00,360</b>		<b>3,00,360</b>

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**Additional Information :**

- i) Salaries include Rs. 24,000 paid to A, who is managing the affairs of the family business.
- ii) General expenses include Rs. 2,000 paid as penalty relating to smuggling business.
- iii) Fire Insurance and Municipal Taxes relate to house property let out.
- iv) Depreciation allowable to other block of assets is Rs. 7,600.
- v) Buildings (a block of assets) of the written down value of Rs. 1,60,000 on 1-4-2015 is sold for Rs. 2,00,000 during the year.
- vi) Collection charges include Rs. 40 for collection of interest on Government Securities and the remaining for collection of rent from house property.

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