



MS – 408

VI Semester B.Com. Examination, May/June 2014

(Prior to 2013-14) (Repeaters)

Commerce

Paper – 6.2 : INCOME TAX – II

Time : 3 Hours

Max. Marks : 90

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

SECTION – A

Answer **any ten** of the following. **Each** question carries **two** marks.

(10×2=20)

1. a) What do you mean by profession ?
- b) Mention any two expressly allowable expenses under business head.
- c) Expand CBDT and PAN.
- d) What is tax free commercial debenture ?
- e) What is self-assessment ?
- f) Give the meaning of Total Income.
- g) What is Long Term Capital Asset ?
- h) What is Indexed Cost of acquisition ?
- i) Mention the provision of Section 80 DD.
- j) What is causal income ?
- k) Write any two incomes under income from other sources.
- l) What do you mean by capital gain ?

P.T.O.



SECTION – B

Answer **any 5** of the following. **Each** question carries **5** marks.

(5×5=25)

2. Explain the provision of Section 54 of IT Act under head capital gains.
3. Briefly explain the powers and functions of Income Tax Officer.
4. P & L A/c of a trader shows net profit of Rs. 22,000 after charging the following items :

Income Tax Rs. 8,000, Income Tax appeal expense Rs. 5,000, Interest on loan taken for business purposes Rs. 3,000, Purchase of furniture for office purposes Rs. 4,000, Payment to a creditor in cash Rs. 30,000, Donation to National Defence Fund Rs. 5,000 and Bad debts recovered (disallowed in the past) Rs. 5,000.

Find his Income from business for the A.Y. 2013-14.

5. Mr. Pawan has the following incomes during the year ending 31-3-13.

- i) Dividend declared by Tata Company Rs. 12,000.
- ii) Interim dividend received Rs. 5,000.
- iii) He won gold worth Rs. 2,50,000 from Rajasthan State lottery.
- iv) Interest received on Govt. securities held as investment Rs. 20,000.
- v) He earned Rs. 10,000 as prize money on horse races.

Compute his Income from other sources for the A. Y. 2013-14.



6. Mr. Raghu purchased a plot of land for Rs. 1,20,000 on 1-1-85 and sold it for Rs. 18,00,000 on 1-1-2013. If the brokerage paid on its sale was Rs. 12,000. Determine the amount of capital gain.

[CII : 1984-85 – 125, 2012-13 – 852]

7. Mention the 5 powers of Central Board of Direct Taxes.

8. From the following information of Dr. Babu, compute his taxable income from profession for the A.Y. 13-14.

Receipts : Consultation fees Rs. 50,000, Gifts from patients Rs. 20,000,
Gifts from father-in-law Rs. 30,000, Sale of medicine Rs. 12,000,
Visiting fees Rs. 10,000.

Payments : Clinic rent Rs. 25,000, Professional books purchased Rs. 12,000,
Charitable donations Rs. 4,000.

9. Mr. Murthy a citizen, furnishes the following particular for P.Y. 2012-13.

a) Pension received Rs. 6,000 p.m.

b) Taxable income from business Rs. 1,28,000.

c) Short term capital gain of Rs. 1,10,000.

d) He contributed Rs. 15,000 towards Life Insurance Policy and Rs. 2,000 towards NSC.

What is his taxable income for the A.Y. 2013-14 ?



SECTION – C

Answer **any three** of the following. **Each** question carries **15** marks. (3×15=45)

10. Dr. Nagaraja submits the following particulars, calculate the income from profession for the A.Y. 13-14.

Receipts and Payments A/c			
Particulars	Amt.	Particulars	Amt.
To Opening balance b/d	25,000	By Salary to staff	46,000
To Consultation fees	75,000	By Purchase of medicines	18,000
To Visiting fees	62,500	By Purchase of car	2,40,000
To Agricultural income	40,000	By Car expenses	20,000
To Interest on bank deposits	10,000	By Personal expenses	45,000
To Gift from patients	15,000	By Income tax	15,000
To Rent from H.P.	48,000	By LIC premium	10,000
To Loan from bank		By Repayment of loan	35,000
for profession	1,00,000	By municipal tax on	
To Operation charges	90,000	house property	5,000
To Sale of medicines	32,500	By Interest on loan	7,500
		By Closing balance c/d	56,500
	4,98,000		4,98,000

Additional Information :

- 25% of car expenses relate to personal use.
- Rate of depreciation on car 15%.
- $\frac{1}{4}$ of the loan is taken for personal purpose.



11. From the following P & L A/c and additional information of Mr. Nayak, compute his taxable business income for the A.Y. 2013-14.

P & L A/c for the year ended 31-3-13

	Rs.		Rs.
Establishment expenses	15,000	Gross Profit	2,65,000
Salaries	36,000	Dividend on shares	6,000
Rent and taxes	12,000	Rent from H.P.	15,000
Income tax	10,000	Interest on Govt. Securities	20,000
Household expenses	14,000		
Reserve for bad debts	5,000		
Advertisement	15,000		
Donation	6,000		
Sales tax	20,000		
Provision for income tax	8,000		
Drawings	4,000		
Interest on capital	9,000		
Bad debts	19,500		
Repairs	26,000		
Car expenses	11,000		
Depreciation	20,500		
Net profit	75,000		
	3,06,000		3,06,000

**Additional information :**

- a) Salaries include Rs. 6,000 paid to a domestic servant.
- b) 60% of car expenses are for business purpose.
- c) Establishment expenses includes Rs. 5,000 personal expenses.

12. Mr. Ramakrishna, a Resident of Mysore, Purchases a Residential House in Mysore on 16th Nov. 1970 for Rs. 2,26,000. He constructed a room on the ground floor in July, 1981 at a cost of Rs. 40,000 and two more rooms on the first floor in August 1993 at a cost of Rs. 92,000.

He sold this property on 13th March 2013 for Rs. 35,00,000 after incurring 1% brokerage. The FMV as on 1-4-1981 was Rs. 1,80,000. Find out capital gain for the A.Y. 2013-14 if he purchases a residential flat in Mysore on 25th March 2013 for Rs. 32,00,000.

[CII for 81-82 = 100, 93-94 = 244 and 2012-2013 = 852]

13. Mrs. Latha submits the following particulars of her Income from other sources for the year ended 31-3-13.

- 1) Royalty from books written Rs. 20,000 (expenses incurred for this purpose Rs. 2,000)
- 2) Remuneration from articles published in a magazine Rs. 2,000.
- 3) Cash worth Rs. 1,00,000 was found in her private locker. The source of which could not be explained by her.
- 4) Interest on F.D. in a bank Rs. 15,000.
- 5) Rent from subletting a house Rs. 500 p.m.
- 6) Winning from lottery net Rs. 69,100.
- 7) Winning from horse race Rs. 34,550 (net).

Compute her Taxable Income from other sources for the A.Y. 2013-14.



14. Sri Ranga is an eminent chartered accountant and a resident of Bangalore. His Receipts and Payments A/c for the year ending 31-3-13 was as given below :

Receipts	Amt.	Payments	Amt.
To Balance b/d	1,00,000	By Office rent	90,000
To Audit fees	3,00,000	By Printing and stationery	20,000
To Examiners fee	40,000	By News papers and	
To Long-term capital gain	2,00,000	magazines	15,000
To Dividend on shares		By General expenses	15,000
of MRF Ltd. (gross)	60,000	By Subscription to	
To Director's fees	50,000	CA institute	60,000
		By Car expenses	40,000
		By Electricity and water	10,000
		By Telephone expenses	30,000
		By Donation to NDF	50,000
		By Donation to Rajiv Gandhi	
		foundation	1,10,000
		By Donation to approved	
		charitable institution	40,000
		By Donation to municipality for	
		family planning	40,000
		By Balance c/d	2,30,000
	7,50,000		7,50,000

Compute Total Income for the A. Year 2013-14.