



US – 488

**VI Semester B.Com. Examination, May 2017**  
**(CBCS) (Semester Scheme)**  
**(Fresh – 2016 – 17 & Onwards)**  
**COMMERCE**  
**Paper – 6.3 : Income Tax – II**

Time : 3 Hours

Max. Marks : 70

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

## SECTION – A

1. Answer **any five** sub-questions. **Each** question carries **2** marks. (5×2=10)
- What is vocation ?
  - Mention any four admissible expenses while computing taxable business income.
  - What is long term capital gain ?
  - What is less tax security ?
  - What is casual income ?
  - State the provision of Sec. 80 'D'.
  - If net winnings from horse-race is ₹ 1,50,000, find the gross amount.



## SECTION – B

Answer **any three** questions. **Each** question carries **6** marks. (3×6=18)

2. Ms. Devaki is a Chartered Accountant in Bangalore. Her Income and Expenditure A/c for the year 15 – 16 is as follows. Compute Income from profession for the A.Y. 16 – 17.

| Expenditure          | ₹               | Income                           | ₹               |
|----------------------|-----------------|----------------------------------|-----------------|
| To Office rent       | 30,000          | By Audit fees                    | 3,00,000        |
| " Staff salaries     | 55,000          | " Financial consultancy services | 60,000          |
| " Charities          | 5,000           | " Interest on deposits in a Bank | 22,000          |
| " Gifts to relatives | 6,000           | " Dividends from UTI             | 6,000           |
| " Drawings           | 16,000          |                                  |                 |
| " Car expenses       | 24,000          |                                  |                 |
| (1/2 personal)       |                 |                                  |                 |
| " Net Income         | 2,52,000        |                                  |                 |
|                      | <b>3,88,000</b> |                                  | <b>3,88,000</b> |

3. State the conditions and exemptions U/s 54 B for claiming exemption from capital gain.

P.T.O.





4. Following Incomes are received by Mrs. Radha, a resident during the previous year 2015 – 16. Compute taxable income from the head other sources.
- 1) Directors fees ₹ 10,000.
  - 2) Interest from post office savings bank A/c ₹ 500
  - 3) Dividend received from co-operative society ₹ 9,000.
  - 4) Interest on securities ₹ 10,000.
  - 5) Royalty from books written ₹ 25,000 (Expenses Incurred for this purpose ₹ 2,500).
5. Explain the provisions to set-off and carry forward the following losses :
- a) Loss of House-property.
  - b) Short term capital gain.
6. Ms. Keerti, a resident submits the following particulars of her Income & Expenditure for the P.Y. 2015 – 16. Compute total Income for the A.Y. 2016 – 17.
- a) Gross total Income ₹ 9,00,000.
  - b) Contribution to PPF ₹ 80,000.
  - c) Contribution to annuity plan of LIC ₹ 15,000.
  - d) Contribution to PM's National Relief fund ₹ 10,000.
  - e) Contribution to charitable hospital ₹ 10,000.
  - f) Contribution to defence fund ₹ 10,000.

## SECTION – C

Answer **any three** questions. **Each** question carries **14** marks.

(3×14=42)

7. Following is the Profit and Loss A/c of Ms. Sahana, a resident for the year ended 31 – 3 – 2016.

## Trading and P &amp; L A/c

|                                | ₹               |                     | ₹               |
|--------------------------------|-----------------|---------------------|-----------------|
| To Opening stock               | 40,000          | By Sales            | 6,00,000        |
| " Purchases                    | 4,60,000        | " Closing stock     | 45,000          |
| " Gross profit c/d             | 1,45,000        |                     |                 |
|                                | <b>6,45,000</b> |                     | <b>6,45,000</b> |
| To Salaries                    | 27,500          | By Gross profit b/d | 1,45,000        |
| " Rent and Taxes               | 12,500          | " Bank Interest     | 250             |
| " Commission                   | 2,500           |                     |                 |
| " Legal charges                | 2,250           |                     |                 |
| " Bad-debts written off        | 7,250           |                     |                 |
| " Reserve for bad-debts        | 5,750           |                     |                 |
| " Repairs to machinery         | 750             |                     |                 |
| " Depreciation on fixed assets | 13,250          |                     |                 |
| " Other Expenses               | 1,000           |                     |                 |
| " Income-tax                   | 10,000          |                     |                 |
| " Net profit c/d               | 62,500          |                     |                 |
|                                | <b>1,45,250</b> |                     | <b>1,45,250</b> |





Compute Income from business for the A.Y. – 2016 – 17, after taking into consideration the following information :

- 1) Rent Includes 1,800 related to the house which was used as part of her own residence.
- 2) Bad-debts written off ₹ 3,000 were irrecoverable, but included in last year's sale.
- 3) Legal charges include ₹ 500 paid for the registration of land acquired for the business.
- 4) Depreciation allowable as per Income-Tax rules for the year was ₹ 15,000.
- 5) Both opening stock and closing stock of the year were undervalued at 20 % below cost.

8. Ms. Vimala had two houses –

- 1) The 1<sup>st</sup> house was occupied by herself for her residence. She got this house from her brother as gift on 15-8-1988. Her brother purchased this house in 1979 for ₹ 65,000. FMV on 1-4-1981 was ₹ 70,000. Vimala spent ₹ 6,500 on its improvement on 10-9-2003. She sold it on 30-9-2015 for ₹ 18,50,000. She purchased another house for her residence on 25-3-2016 for ₹ 9,00,000.
  - 2) She had purchased the 2<sup>nd</sup> house for ₹ 56,000 in 1987 – 88 and had letout for residential purpose. She sold this house on 31-8-2015 for ₹ 8,50,000 by incurring selling expenses of ₹ 47,800.
  - 3) She had purchased Jewellery in 1987 – 88 for ₹ 75,000 and on 25-2-2015 sold this Jewellery for ₹ 8,50,000 and purchased new Jewellery for ₹ 2,00,000.
  - 4) Motor car sold on 1-12-2015 for ₹ 90,000 was purchased by her in January 2005 for ₹ 1,40,000 and its WDV on 1-4-2015 is 76,000. Car is used in business.
- CII for 1981 – 82 = 100  
1987 – 88 = 150  
1988 – 89 = 161  
2003 – 04 = 463  
2015 – 16 = 1081

Compute taxable capital gain for the A.Y. – 2016 – 17.

9. Following are the Income details of Mrs. Roshini, a resident. Compute her Income from other sources for A.Y. 2016 – 17.

- 1) She gave management consultancy service to entrepreneurs during the year and received ₹ 55,000 from clients. She claims she spent ₹ 5,000 on related travelling.
- 2) Income from agriculture in Sri Lanka ₹ 20,000.
- 3) Dividend from UTI ₹ 5,000.
- 4) Interest on post-office savings bank ₹ 1,000
- 5) She holds the following investments
  - a) ₹ 1,00,000, 9 % tax free commercial securities (not listed)
  - b) ₹ 30,000, 7 % debentures of Canara Mills Ltd.
  - c) ₹ 72,000, 10 % tax free debentures of LIC of India (listed).
- 6) She lives in a rented house and pays rent of ₹ 6,000 p.m. She has sub-let 1/3 portion of the house on a rent of ₹ 3,000 p.m. She has taken up the responsibility of paying municipal taxes of ₹ 1,500 on the whole house and also repairs of the whole house amounting to ₹ 6,000.







10. Ms. Sunitha submits the following particulars :

**Incomes**

- a) Computed Salary Income ₹ 2,00,000.
- b) Computed Income from property let-out ₹ 65,000.
- c) Agricultural Income from Bangladesh ₹ 1,00,000.
- d) Share of Income from HUF ₹ 1,70,000.
- e) Computed Income from STCG ₹ 75,000.

**Expenses :**

- a) Life Insurance premium paid ₹ 28,000 (Sum assured ₹ 25,00,000)
- b) Medical Insurance premium paid ₹ 18,000.
- c) Loan repayment towards home loan Installment ₹ 20,000.
- d) Contribution of ₹ 20,000 to the Swachh Bharat Kosh set up by the central government.

11. Mrs. Rao, a physician and resident of Chennai submits the following receipts and payments account for the year ending 31-3-2016.

| <b>Receipts</b>         | <b>₹</b>        | <b>Payments</b>                 | <b>₹</b>        |
|-------------------------|-----------------|---------------------------------|-----------------|
| To Balance b/d          | 70,000          | By Rent of clinic               |                 |
| " Consultation fees     |                 | 2014 – 15                       | 80,000          |
| 2014 – 15               | 25,000          | 2015 – 16                       | 1,20,000        |
| 2015 – 16               | 2,50,000        | " Surgical Equipments           | 1,00,000        |
| 2016 – 17               | 30,000          | " Computers                     | 50,000          |
| " Visiting fees         | 80,000          | " Interest on loan (profession) | 12,000          |
| " Winnings from         |                 | " By Professional books         |                 |
| lottery (gross)         | 50,000          | purchased (annual publication)  | 15,000          |
| " To Interest on        |                 | " Purchase of Car               | 1,50,000        |
| post-office savings A/c | 30,000          | " House hold Expenses           | 20,000          |
| " Gift from patients    | 40,000          | " Income tax                    | 5,000           |
| " Share from HUF        | 20,000          | " Life Insurance premium        | 18,000          |
| " Sale of Medicine      | 90,000          | " Gift to mother                | 12,000          |
| " Loan from Bank        | 1,50,000        | " Car Expenses                  | 30,000          |
|                         |                 | " Lottery ticket                | 25,000          |
|                         |                 | " Staff salary                  | 1,20,000        |
|                         |                 | " Balance C/d                   | 78,000          |
|                         | <b>8,35,000</b> |                                 | <b>8,35,000</b> |

**Additional Information :**

- 1) WDV of car on 31-3-2015 was ₹ 1,00,000. On which 15 % depreciation to be charged. Car is used 60 % for profession and 40 % for private purpose.
  - 2) Visiting fee due but not received for 2015 – 16 is ₹ 18,000.
  - 3) Consultation fees due but not received for 2015 – 16 is ₹ 8,000.
  - 4) Surgical equipments and computers were purchased and put to use on 10-9-2015.
- Determine Taxable Income from profession for Assessment year 2016 – 17.