



63625

**VI Semester B.Com. Examination, September/October 2023
(CBCS) (Fresh + Repeaters) (2017 – 18 and Onwards)
COMMERCE**

6.5 : Elective Paper – III : Business Taxation

Time : 3 Hours

Max. Marks : 70

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

SECTION – A

Answer **any five** sub-questions of the following. **Each** sub-question carries **two** marks. **(5×2=10)**

1. a) Expand BCD and CBIT.
- b) Mention any two types of customs duties.
- c) What is meant by advance payment of tax ?
- d) Define partnership.
- e) List any two deductions under Section 80 applicable to a firm.
- f) What is domestic company ?
- g) What is double taxation ?

SECTION – B

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

2. From the following information, compute the assessable value :
 - i) Value of machine in UK pounds 16,000 FOB
 - ii) Engineering and design charges paid – UK pounds 6,000
 - iii) Freight paid (Air) – UK pounds 3,000
 - iv) Insurance – Not known
 - v) Commission payable to local agent @ 2% of FOB in Indian Rupees
 - vi) The exchange rate announced by the Central Government is ₹ 78 per UK Pound.



P.T.O.



3. D, E and F are partners in a firm sharing profits and losses in the ratio 1 : 2 : 3. Profits of the firm for the year ended on 31-3-2022 was ₹ 65,900 after considering the following items to P and L Account.

i) Salary to partners :

D : ₹ 65,000 and E : ₹ 60,000

ii) Interest on capital at 20%

D : ₹ 1,750, E : ₹ 7,000; F : ₹ 5,250

iii) Commission to partners :

D : ₹ 2,500, E : ₹ 6,250, F : ₹ 8,750

Compute the allowable remuneration of the partners.

4. A block of asset consist of 5 machines. The WDV of machinery as on 1-4-2021 is ₹ 1,80,000. Rate of depreciation is 15%. A new machine costing ₹ 1,60,000 was acquired in May 2021 but actually put to use only on 10-10-2021. Two old machines are also sold for ₹ 3,20,000 in December 2021.

Determine amount of depreciation for the A.Y. 2022 – 23.

5. State whether the following payments are admissible or not while calculating the business income under the provisions of Income Tax Act.

i) Loss of stock due to theft by an employee

ii) Income tax

iii) Charities paid

iv) Provisions for doubtful debts

v) Legal expenses to defend on existing title to a capital asset

vi) Loss on sale of capital asset.

6. From the following details of income, compute TDS for each transaction :

a) Dividend from a Listed Company ₹ 25,000.

b) Winning from Lottery ₹ 70,000.

c) Rent paid on building ₹ 20,000 p.m.

d) Advances received from sale of building ₹ 5,00,000 (Sale value ₹ 15,00,000).



SECTION – C

Answer **any three** questions. **Each** question carries **14** marks. **(3×14=42)**

7. Manasvi Industries imported a machine for 20,000 dollars from USA. From the following information calculate assessable value and customs duty payable.

- a) Packing charges 480 dollars.
- b) Design and development charges 1,200 dollars.
- c) Insurance charges 200 dollars.
- d) Freight charges through air 640 dollars.
- e) Commission paid to a broker who arranged the transaction 400 dollars.
- f) Exchange rate specified by board one dollar = ₹ 80.
- g) Basic customs duty 10%.
- h) IGST @ 18%.
- i) Social welfare surcharge applicable at 10% on BCD.

8. Profit and Loss Account of Devika Firm (a partnership firm) for the year ending 31-3-2022 is as follows :

Particulars	Amount	Particulars	Amount
Cost of goods sold	5,00,000	Sales	9,00,000
Remuneration to partners	2,24,500	Rent from house property	30,000
Interest to partners at 18% p.a.	30,000	Dividend	85,000
Municipal tax of house property	12,500		
Other expenses	1,18,000		
Net profit	1,30,000		
	10,15,000		10,15,000

Other information :

- a) Out of other expenses 9,200 is not deductible u/s 36, 38 (1) and 43B.
- b) On 15-1-2022 the firm pay an outstanding GST of ₹ 27,350 of the previous year 2021 – 22. As this amount pertain to the previous year 2021 – 22, it has not been debited to the aforesaid Profit and Loss Account.

Calculate Book-Profit, Business Income and Gross Total Income.





9. Following is the P and L A/c of Rachith Co. Ltd. for the P.Y. 2021 – 22 :

Particulars	₹	Particulars	₹
To Establishment expenses	5,00,000	By Gross Profit	24,00,000
To Rent and taxes	55,000	By Rent received (HP)	1,60,000
To Depreciation	1,20,000	By Profit on sale of	
To Fire insurance	34,000	fixed asset	74,000
To Provision for taxation	6,20,000	By Interest on Govt.	
To Entertainment expenses	28,800	securities	48,000
To Donations to Rajiv Gandhi		By Dividend received	
Foundation	20,000	from Indian company	40,000
To General expenses	1,31,000		
To Proposed dividend	21,000		
To Net profit	11,92,200		
	27,22,000		27,22,000

Additional Information :

- 1) General expenses include a sum of ₹ 19,200 as municipal tax and ₹ 3,200 as insurance on house-property let out.
 - 2) Depreciation admissible as per IT law is ₹ 1,00,000.
- Compute the total income of the company for the A.Y. 2022 – 23.

10. The following particulars are provided by Basava Co. Ltd.

Trading, P and L A/c for the year ending 31-3-2022

Particulars	₹	Particulars	₹
To Purchases	1,62,500	By Sales	18,18,000
” Entertainment expenses	17,500	” Amount withdrawn	
” Travelling expenses	35,000	from General Reserve	1,50,000
” Depreciation	2,75,000	” LTCG	60,000
” Income tax	1,90,000	” Transfer fees	2,500





3. D. F.	” Outstanding GST	15,000	” Profit on sale of motor	
	” Provision for unascertained		car	12,500
	Liabilities	30,000	” Interest on tax free	
	” Proposed dividend	90,000	Govt. Securities	10,000
	” Tax consultation fees	10,000		
	” Provision for loss of			
	Subsidiary Co.	22,500		
	” Salaries	1,00,000		
	” Sundry expenses	82,500		
	” Net profit	10,23,000		
		20,53,000		20,53,000

Additional Information :

- 1) Unabsorbed business loss brought forward is ₹ 3,00,000 for income tax purposes and ₹ 2,25,000 for accounting purposes.
- 2) Unabsorbed depreciation b/f is ₹ 1,50,000 for accounting purposes.

Compute :

- i) Book profits under 115 JB
- ii) Tax under Minimum Alternative Tax.

11. Z Ltd. Company estimated the following incomes relevant for the P.Y. 2021 – 22 :

- a) Computed income from house property ₹ 1,50,000.
- b) Computed income from business ₹ 6,50,000.
- c) Computed LTCG ₹ 1,50,000.
- d) Computed STCG ₹ 1,40,000.
- e) Income from other source (Other than casual income) ₹ 1,50,000.
- f) Winning from Lottery (Gross) ₹ 50,000.

Calculate advance tax payable.