

## VI Semester B.Com. Examination, Sept./Oct. 2023

(CBCS)

COMMERCE  
Income Tax – II

Time : 3 Hours

Max. Marks : 70

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

## SECTION – A

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

1. a) What is meant by cash system of accounting ?
- b) Give the meaning of the term vocation.
- c) What is long term capital gain ? Give examples.
- d) What is casual income ?
- e) State any 4 deductions to be claimed U/S 80C.
- f) Give the meaning of the term set-off.
- g) If the net winnings from horse race is Rs. 1,50,000, find the gross amount.



## SECTION – B

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

2. Mr. Varun, a doctor who runs his clinic gives you the following data.

	Rs.
a) Fees from Patients	45,000
b) Visiting fees for various hospitals	30,000
c) Consultation fees	15,000
d) Operation charges	30,000
e) Dividend received	10,000

P.T.O.



f) Lottery income	15,000
g) Rent (clinic)	12,000
h) Medicine expenses	8,000
i) Operation theatre rent	14,000
j) Magazines and newspapers	5,000
k) Electricity and water	5,000

Compute the taxable income from profession for the A.Y. 2022-23.

3. Sri Aditya has the following investments for the year ended 31-3-2021.

- i) Dividend from Indian company Rs. 4,000
- ii) Rs. 8,000 in post office savings bank account which earns interest @ 5% p.a.
- iii) Rs. 90,000, 10% tax free debentures of Mysore Municipal Corporation.
- iv) 14% Karnataka State Electricity Board Bonds Rs. 30,000
- v) Rs. 50,000 fixed deposit with Canara Bank @ 8% p.a.
- vi) Gift received from a friend Rs. 42,000.

Compute his income from other sources for the assessment year 2022-23.

4. Mr. Madan furnishes the following incomes :

- i) Income from salary Rs. 4,50,000 p.a. (computed)
- ii) Income from house property Rs. 2,00,000 p.a. (computed)
- iii) Income from other sources Rs. 3,00,000 p.a.
- iv) Other information :

a) LIC premium paid Rs. 6,000 p.a.

b) Medical insurance paid Rs. 30,000 p.a.

c) Donations :

PMNRF – Rs. 20,000

University of national eminence – Rs. 10,000

Compute his total income.

Compute taxable income for the A.Y. 2022-23.



5. Explain the provisions to set-off and carry forward the following losses.
- a) Loss of house property.
  - b) Short term capital gain.
6. State whether the following payments are admissible or not, while calculating the business income under Income Tax Act ?
- i) Loss of stock due to theft by an employee
  - ii) Service charges
  - iii) Charities paid
  - iv) Provision for doubtful debts
  - v) Legal expenses to defend on existing title to a capital asset.
  - vi) Loss on sale of capital asset.



SECTION – C

Answer **any three** of the following questions. **Each** question carries **14** marks.

**(3x14=42)**

7. Following is the profit and loss account of Mr. Shekhar for the year ending 31-3-2022 :

Particulars	Rs.	Particulars	Rs.
To Salaries	3,30,000	By Gross profit	5,00,000
" Office expenses	36,000	" Bad debts recovered	20,000
" Depreciation	28,000	[allowed earlier]	
" GST	18,000	" Dividends	6,000
" Legal expenses	16,000	" Rent from house property	18,000
" Income tax	14,000	" Commission	20,000



" Expenses on acquisition of patent rights acquired on (15-12-2021)	24,000	" Brokerage	20,000
" Repairs	12,000	" Sundry receipts	10,000
" Donations	4,000	" Share of income from HUF	6,000
" Provision for bad debts	6,000		
" General expenses	24,000		
" Net Profit	88,000		
	<b>6,00,000</b>		<b>6,00,000</b>

#### Additional information :

- Salaries include Rs. 12,000 paid to the workers employed at home.
- Depreciation of Rs. 6,000 being unabsorbed depreciation of earlier years, not recorded.
- Legal expenses include Rs. 2,000 paid to the lawyer in connection with personal case.
- General expenses include Rs. 8,000 as contribution to staff welfare fund.

Calculate the income of Mr. Shekhar from the business for the A.Y. 2022-23.

8. Mr. Neeraj is a registered medical practitioner. He keeps his book on Cash basis and his summarized cash account for the year ended 31<sup>st</sup> March 2022 is as follows :

Particulars	Rs.	Particulars	Rs.
Balance b/d	5,850	Cost of medicines	12,000
Loan from Bank	10,000	General expenses	450



Sale of medicines	26,500	Motor car expenses	6,000
Consultation fees	16,000	Salaries	1,200
Visiting fees	3,000	Rent of dispensary	2,400
Interest on Govt. securities	3,600	Telephone expenses	500
Rent from house property	8,000	Personal expenses	1,600
Gift from father-in-law	5,000	Life insurance premium	2,500
Gift from patients	2,000	Interest on loan from bank	200
		Insurance premium :	
		Car	700
		House property	<u>500</u> 1,200
		Local taxes	800
		Travelling expenses (personal)	1,000
		Charity	100
		Balance c/d	50,000
	<b>79,950</b>		<b>79,950</b>

**Other information :**

- i) Half of the motor car expenses, are in respect of his personal use.
- ii) Consultation fees include a receipt of Rs. 6,000 as advance for attending a medical camp in April 2022.
- iii) The written down value of Motor car on 1-4-2021 was Rs. 12,720. Rate of depreciation is 15%.
- iv) Loan from bank @ 2% interest.

Compute the taxable income from profession for the A.Y. 2022-23.





9. During the previous year ending on 31-3-2022, Smt. Padma sells the following :

Assets	Date of Sale	Sale Consideration (Rs.)	Cost of Acquisition (Rs.)	Year of Purchase
Shares	10-4-2021	22,25,000	16,00,000	2013-14
Agricultural land in rural areas	25-5-2021	42,50,000	5,75,000	1993-94
Agricultural land in urban areas	10-6-2021	70,12,500	6,25,000	1999-2000
Non-listed debentures	10-4-2021	7,25,000	4,25,000	2013-14
Personal car	1-7-2021	25,000	3,00,000	2014-15

The fair market value of agricultural land in urban area on 1-4-2001 was Rs. 50,000. On 31 July 2022, Smt. Padma deposits Rs. 5,00,000 in CGAS U/S 54 B for claiming exemption in future for purchasing agricultural land.

Find out her taxable capital gain for the A.Y. 2022-23.

CII	-	2001-02	100
		2021-22	317
		2013-14	220
		2014-15	240

10. Following are the income details of Mrs. Roopa, a resident. Compute her income from other sources for the A. Y. 2022-23.

- She gave management consultancy service to entrepreneurs during the year and received Rs. 55,000 from clients. She claims that she spent Rs. 5,000 on related travelling.
- Income from agriculture in Sri Lanka Rs. 20,000



- iii) Dividend from Indian company Rs. 5,000.
- iv) Interest on post-office savings bank Rs. 1,000.
- v) She holds the following investments :
  - a) Rs. 1,00,000, 9% tax free commercial securities (not listed)
  - b) Rs. 30,000, 7% debentures of Canara Mills Ltd.
  - c) Rs. 72,000, 10% tax free debentures of LIC of India (listed).
- vi) She lives in a rented house and pays rent of Rs. 6,000 p.m. She has sub-let 1/3 portion of the house on a rent of Rs. 3,000 p.m. She has taken up the responsibility of paying municipal taxes of Rs. 1,500 on the whole house and also repairs of the whole house amounting to Rs. 6,000.

11. Ms. Pushpa submits the following particulars :

**Incomes :**

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

**Expenses :**

- a) Life Insurance premium paid Rs. 28,000 (sum assured Rs. 25,00,000) (Policy is issued before 1-4-12)
- b) Medical insurance premium paid Rs. 18,000
- c) Loan repayment towards home loan installment Rs. 20,000 (Principal Amt.)
- d) Contribution of Rs. 20,000 to the Swachh Bharat Kosh set up by the Central Government.

Compute the taxable income and tax liability of Ms. Pushpa for the A.Y. 2022-23.