

VI Semester B.B.A. Examination, August/September 2023
(CBCS) (Freshers) (2022 – 23 and Onwards)
BUSINESS ADMINISTRATION
Paper – 6.1 : Income Tax – II

Time : 3 Hours

Max. Marks : 70

Instruction : Answer should be written only in **English**.

SECTION – A

1. Answer any 5 sub-questions. Each sub-question carries 2 marks. (5×2=10)
- What is business ?
 - Mention any four inadmissible expenses while computing taxable business income.
 - Expand CBDT and PAN.
 - What is Gross Total Income ?
 - Write any two incomes taxed under the Head Income from other sources.
 - What is Capital Gain ?
 - If net winnings from horse race is ₹ 70,000, find the gross amount.

SECTION – B

Answer any 3 questions. Each question carries 5 marks. (3×5=15)

2. Write the provisions relating to deduction U/S 80 D of Income Tax Act, 1961.
3. Mr. Haridas submits following information. Compute his Total Income for the A.Y. 2022 – 23.
- Income from salary (computed) ₹ 10,00,000
Income from other sources ₹ 45,000 (computed)
LIC premium paid ₹ 50,000
Income from profession (computed) ₹ 1,00,000
Donation paid to National Defence Fund ₹ 10,000
Mr. Haridas paid tuition fees of his daughter ₹ 20,000.



4. Mr. Darshan is an advocate in Bangalore. He has the following receipts and payments for the year ended 31-3-2022. Compute his Professional Income.

Receipts	Amount ₹	Payments	Amount ₹
To Balance b/d	10,000	By Office rent	5,000
To Consultation fees	80,000	By Salary to staff	7,500
To Gift from clients	10,000	By Car expenses (½ office use)	12,000
To Dividend received	8,000	By Contribution to PPF	6,000
To Winning from lottery (net)	7,000	By Balance c/d	84,500
	1,15,000		1,15,000

5. From the following particulars of Mrs. Rathnavathi, compute her Taxable Capital Gain for the A.Y. 2022 – 23.

Date of purchase of house property 1.12.1982

Cost of acquisition ₹ 12,00,000

FMV as on 1.4.2001 ₹ 16,00,000

Cost of additions in 2004 – 05 ₹ 1,20,000

Sale proceeds in 2021 – 22 ₹ 80,00,000

CII 2001 – 02 = 100, 2004 – 05 = 113, 2021 – 22 = 317.

6. Mr. Ramesh invested in following securities for the year 2021 – 22. Compute his taxable income from other sources for the AY 2022 – 23.

1) ₹ 20,000, 9% Government securities.

2) ₹ 12,000, 12% Tax free commercial securities (unlisted).

3) ₹ 15,000, 10% Municipal debentures.

4) Interest on 8.5% relief bonds Rs. 8,500.

5) ₹ 15,000, 8% Government of England Bonds.

SECTION – C

Answer any three questions. Each question carries 12 marks. (3×12=36)

7. During the previous year 2021 – 22. Mrs. Shradha sells the following. Calculate her taxable capital gain for the AY 2022 – 23.

Assets	Cost of purchase ₹	Year of purchase	Date of sale	Sale Consideration ₹
Shares	1,00,000	1-1-2004	2021 – 22	5,60,000
Personal car	5,00,000	31-12-2018	2021 – 22	3,00,000
Gold	3,00,000	10-4-2002	2021 – 22	40,00,000
Furniture	12,000	15-5-2018	2021 – 22	8,000
			(WDV on 1-4-2021 – 7000)	
Goodwill	-	-	2021 – 22	15,00,000
Residential house	5,00,000	30-9-2001	2021 – 22	40,00,000

CII – 2001 – 02-100, 2002 – 03-105, 2003 – 04-109, 2021 – 22-317.

Mrs. Shradha deposits ₹ 5,00,000 in Capital Gains Account Scheme (CGAS) U/S 54 for claiming exemption in future for purchase of Residential house.

8. Shri Haridas is resident of India earned the following incomes during the financial year 2021 – 2022.

- a) ₹ 50,000, 9% tax free debentures of 'X' Co. Ltd.
- b) ₹ 8,000 dividend received from an Indian Company.
- c) ₹ 2,10,000 received as gift from his father in law.

- d) ₹ 10,000 earned as income from agriculture in India.
- e) ₹ 10,000 Director fees.
- f) ₹ 10,000 received as Royalty on Books. (Rs. 2,000 expenses incurred in preparation of Book)
- g) ₹ 3,000 received as interest on POSB A/c.
- h) ₹ 10,000 interest from units of UTI.
- i) ₹ 40,000 income from undisclosed sources.
- j) ₹ 15,000 rent from letting of machinery.
- k) ₹ 45,000 insurance commission received.
- l) ₹ 45,000 received as family pension.

Compute taxable income from other sources of Shri Haridas for the AY 2022 – 23.

9. Following are the details of Mr. Shrinath for the year ending 31-3-2022. Compute total income for the AY 2022 – 2023.
- a) Income from salary (computed) Rs. 15,00,000.
 - b) Income from house property (computed) Rs. 2,50,000.
 - c) Income from Business (computed) Rs. 3,00,000.
 - d) Winning from Horse race ₹ 28,000 (net).
 - e) Winning from Lottery ₹ 2,10,000 (Gross).
 - f) Interest on Bank deposit ₹ 10,000.
 - g) LIC premium paid on own life ₹ 5,000 on wife life ₹ 8,000.
 - h) Contribution to P.M.'s National relief fund ₹ 10,000.
 - i) Medical insurance premium paid ₹ 15,000.
 - j) Mr. Shrinath is suffering from severe physical disability.

10. Dr. Chandrakanth provided the following information of his clinic and other details for the year ended 31-3-2022.

Receipts	Amount ₹	Payments	Amount ₹
To Balance b/d	35,000	By Rent of clinic	
To Consultation fees		2020 - 21-1,600	
2020 - 2021-5,000		2021 - 22-4500	
2021 - 2022-80,000		2022 - 23-800	6,900
2022 - 2023-10,000	95,000	By Interest on loan	20,000
To Visiting fees	25,000	By Purchase of medicine	40,000
To Loan from Bank		By Electricity charges	10,000
for professional purpose	2,50,000	By Purchase of car	25,000
To Sale of Medicine	80,000	By Household expenses	5,000
To Gift from relative	10,000	By Salary to staff	8,000
To Gift from patients	10,000	By Income tax appeal expenses	5,000
To Rent from house property	50,000	By LIC premium paid	5,000
To Interest on FD	12,000	By Car expenses	8,000
To Articles purchased in		By Entertainment expenses	300
professional journal	20,000	By Repairs to house property	2,000
		By Purchase of surgical equipments	10,000
		By Balance c/d	4,41,800
	5,87,000		5,87,000



- 1) Closing stock of Medicine for the year ended ₹ 5,000.
- 2) Depreciation rate on car 15% on surgical equipments 15%.
- 3) ½ of the car expenses relates to personal use.

Compute his income from profession for the AY 2022 - 2023.

11. Mr. Mahadev submitted the following P and L A/c for the year ended 31-3-2022. You are required to compute his income from business for the AY 2022 - 2023.

Particulars	Amount ₹	Particulars	Amount ₹
To Salary to staff	25,000	By Gross Profit b/d	2,50,000
To Rent and taxes	8,000	By Commission received	8,000
To Advance income tax	5,000	By Bad debts recovered	10,000
To RBD	8,000	(previously disallowed)	
To Bad debts W/off	2,000	By Interest on FD	10,000
To GST	2,000	By Profit on sale of machinery	10,000
To Household expense	5,000	By Lottery income	50,000
To Interest on capital	8,000	By Rent from employees	20,000
To Salary to proprietor	10,000		
To Donation	10,000		
To Charity	2,000		
To Drawings	4,000		
To Postage and telegram	1,000		
To Car expenses	5,000		
To Staff welfare expenses	3,000		

To Advertisement	2,000	
To Gift to customers	5,000	
To Depreciation	22,000	
To Net Profit C/d	2,31,000	
	3,58,000	3,58,000

Additional Information :

- 1) Advertisement expenses are incurred to promote new products sale.
- 2) Depreciation allowable ₹ 22,500 as per IT rule.
- 3) 40% of car expenses were incurred for personal use.

SECTION - D

Answer the following question. It carries 9 marks.

(1×9=9)

12. Write the composition and structure of CBDT.

OR

Briefly explain the powers and functions of Commissioner of Income Tax.
