



VI Semester B.Com. Examination, September 2020
(CBCS) (F+R)
(2016-17 and Onwards)
COMMERCE
Paper – 6.3 : Income Tax – II

Time : 3 Hours

Max. Marks : 70

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

SECTION – A

1. Answer **any 5** of the following sub-questions. **Each** sub-question carries **2** marks. (5×2=10)
- Give the meaning of vocation.
 - How do you treat bad debts recovered, earlier written off ?
 - What do you mean by short term capital gain ?
 - Name any 4 incomes chargeable to tax under the head income from other sources.
 - What are provisions available U/s 80 EE ?
 - Give the meaning of set-off.
 - What is tax free government securities ?



SECTION – B

- Answer **any 3** of the following questions. **Each** question carries **6** marks. (3×6=18)
- Who are eligible for deduction U/s 80 U ? State the provisions of the section.
 - Mr. Vivek, resident of India furnished the following details. Compute his income from capital gains for the assessment year 2019-20.
 - Date of purchase of house property 1-12-2000.
 - Cost of acquisition ₹ 2,50,000/-.



- iii) Cost of addition in the year 2000 is ₹ 25,000/-.
- iv) Fair market value as on 1-4-2001 ₹ 3,50,000/-
- v) Cost of additions in 2004-05 is ₹ 77,700/-.
- vi) Sale consideration ₹ 30,00,000/-.

Cost inflation index 2001-02 : 100, 2004-05 : 113 and for the year 2018-19 : 280.

4. Sri Suresh, has the following investments for the year ended 31-3-2019.
- i) ₹ 20,000/- invested in units of UTI @ 20%. (dividend received ₹ 4,000/-)
 - ii) ₹ 80,000/- in post office Savings Bank A/c which earns the interest @ 5% p.a.
 - iii) ₹ 72,000/- in 10% tax free debentures of Mysore Municipal Corporation.
 - iv) 14% Karnataka State Electricity board bonds ₹ 30,000/-.
 - v) ₹ 50,000/- fixed deposits with Canara Bank Mysore at 8% p.a.

Compute the income from other sources of Sri Suresh for the Assessment year 2019-20.

5. Explain the provisions for set-off and carry forward of the following losses :
- a) Loss from House property.
 - b) Speculation business loss.
 - c) Short term capital loss.

6. Mr. Ram is having a gross total income of ₹ 6,35,000/- for the financial year 2018-19 furnishes the following information.
- i) Deposited ₹ 50,000/- in tax saver deposit scheme in a nationalised bank.
 - ii) Paid ₹ 25,000/- towards life insurance premium of his daughter.
 - iii) Contributed ₹ 10,000/- to PM's National Relief Fund.
 - iv) Donated ₹ 20,000/- to a Govt. recognised institution for scientific research.
- Compute the Total Income of Mr. Ram for the Assessment year 2019-20.



SECTION – C

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

7. Following are the details of Mr. Sharath for the previous year 2018-19.

- i) Income from salary (computed) ₹ 5,04,000/-.
- ii) Income from House property (computed) ₹ 72,000/-.
- iii) Income from business (computed) ₹ 3,37,000/-.
- iv) Income from profession of consulting (computed) ₹ 1,18,000/-.
- v) Short term capital gain on sale of Jewellery ₹ 57,000/-.
- vi) Short term capital gain on sale of shares ₹ 49,000/- (Not subject to STT)
- vii) Long-term capital gain on sale of land ₹ 1,33,000/-.
- viii) Income from other sources (including lottery winnings of ₹ 1,00,000/- Net) ₹ 1,79,000/-.

Sharath is eligible for deduction under various sections of 80 C to the extent of ₹ 1,47,000/-. For the previous year 2018-19 he had paid an advance tax of ₹ 49,000/- and tax was deducted at source from lottery winnings at the rate of 30%.

Compute the Net tax liability of Mr. Sharath for the assessment year 2019-20 if he is a resident aged about 58 years.

8. Following is the profit and loss A/c of Mr. Ganesh for the year ending 31-3-2019.

	₹		₹
To Salaries	18,000	By Gross profit b/d	74,800
To Advertisements	14,000	By Rental income	
To Sundry expenses	14,500	(50% of H.P.)	38,000
To Interest on capital	12,000	By Dividend from	
To Fire insurance premium		Indian Company	24,000
(₹ 3,000 relating to house		By Winning from lottery	40,000
property)	13,000	By Interest on Govt. Securities	22,000
To Income tax	17,000	By Profit on sale of	
To House hold expenses	12,500	securities (long-term)	50,000



To Bad debts	10,000	
To Provision for bad debts	11,500	
To Repairs to House property	11,000	
To Municipal tax of house property	13,600	
To Life insurance premium	18,000	
To Donation to PMNRF	12,000	
To Depreciation	13,700	
To Net profit	58,000	
	2,48,800	2,48,800

Mr. Ganesh owns a house property, which is being used by him for the following purposes.

- 25% of carpet area for his own business.
- 25% of carpet area for his own residence.
- 50% of carpet area is let-out for residential purposes.

Compute his taxable business income for the assessment year 2019-20.

9. Dr. Krishna is a renowned medical practitioner he furnishes his Receipts and Payments A/c for the financial year 2018-19.

Receipts	₹	Payments	₹
To Balance c/d	35,000	By Rent of clinic	
To Consultation fees		2017-18	600
2017-18	5,000	2018-19	4,800
2018-19	70,000	2019-20	600
2019-20	12,000	By Electricity and water	2,000
To Visiting fees	30,000	By Purchase of professional books	8,000
To Loan from bank for		By Household expenses	7,800
professional purpose	1,25,000	By Municipal taxes paid on property	2,000
To Sale of medicines	73,000	By Purchase of motor car	45,000
To Gifts from patients	5,000	By Fire insurance on property	200



To Remuneration from articles published in professional journals	6,000	By Surgical equipments purchased	47,000
To Rent from house property	11,000	By Advance income tax	13,000
To Interest on Post Office National Saving Certificates	7,000	By Salary to nurse	12,000
		By Entertainment expenses	6,000
		By Purchase of X-ray plant	94,500
		By Expenses on income tax proceedings	15,000
		By Gift to wife	5,000
		By Interest on loan	2,000
		By Loan installment paid	5,000
		By Donation to political party	500
		By Life insurance premium	15,000
		By Car expenses	15,000
		By Purchase of medicines	35,000
		By Balance c/d	43,000
	3,79,000		3,79,000

Compute Dr. Krishna's professional income for the assessment year 2019-20 with the help of following additional information :

- 1/3 of car expenses is for personal use.
- Depreciation on motor car is @ 15% and on professional books @ 60% and surgical equipment @ 40%.
- Closing stock of medicine is ₹ 8,000/- but its current market value is ₹ 12,000/-.

10. During the previous year ending on 31-3-2019 Mrs. Lavanya sells the following :

Assets	Date of Sale	Sale Consideration	Cost of Acquisition	Year of Purchase
		₹	₹	
Shares	10-4-2018	21,25,000	16,00,000	2013-14
Agricultural land in rural area	25-5-2018	42,50,000	5,75,000	1993-94
Agricultural land in urban area	10-6-2018	70,12,500	6,25,000	1999-2000
Non-listed debentures	10-4-2018	7,25,000	4,25,000	2013-14
Personal car	1-7-2018	25,000	3,00,000	2014-15



The fair market value of agricultural land in urban area on 1-4-2001 was ₹ 5,00,000/-. On 31 July 2019 Lavanya deposits ₹ 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 assessment years 2019-20.

CII – 2018-19 – 280, 2013-14 – 220, 2014-15 – 240.

11. Mr. Subash a resident of India, earned the following incomes during the financial year 2018-19.

- i) Interest on securities ₹ 6,000/-.
- ii) Winnings from horse races (gross) ₹ 12,500/-.
- iii) Income earned from sub-letting of house ₹ 10,500/-.
- iv) Expenses incurred on sub-letting ₹ 500/-.
- v) Dividend from a foreign company ₹ 26,000/-.
- vi) Interest on post office savings bank A/c ₹ 2,000/-.
- vii) Ground rent for land received in Patna ₹ 5,000/-.
- viii) Income from agricultural land in Bangladesh ₹ 20,000/-.
- ix) Directors fees ₹ 1,800/-.
- x) He received a gift from his cousin a wrist watch worth ₹ 5,000/- on 1-6-2018.
- xi) ₹ 700/- received as an A/c payee cheque as interest on debentures (listed) of a company in which public are substantially interested.
- xii) Interest on deposit under Gold monetisation scheme, 2015 is ₹ 15,000/-.
- xiii) He received gift worth Rs. 45,000/- from his friend.

Compute the taxable income from other sources of Mr. Subash for the assessment year 2019-20.