



SG – 429

VI Semester B.Com. Examination, Sept./Oct. 2021
(CBCS) (F+R) (2016-17 and Onwards)
COMMERCE
Paper – 6.3 : Income Tax – II

Time : 3 Hours

Max. Marks : 70

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

SECTION – A

1. Answer **any five** sub-questions. **Each** sub-question carries **two** marks : **(5×2=10)**
- Define business.
 - Mention any four disallowed expenses in calculation of profit from business.
 - What is long term capital gain ?
 - Name any 4 income chargeable to tax under the head income from other sources.
 - Explain the provisions U/s 80 U.
 - Give the meaning of setoff.
 - If net income from horse race is ₹ 4,20,000, find the gross amount.

SECTION – B

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

2. Explain the provisions for setoff and carry forward of the following losses.
- Loss from house property.
 - Speculation business loss.
 - Short term capital loss.

P.T.O.



3. From the following Profit and Loss A/c of Sri Ganesh for the year ended 31st March 2020. Ascertain his taxable profit from Business.

Dr.	Profit and Loss A/c		Cr.
	₹		₹
To Office salary	4,800	By Gross profit	1,35,532
" General expenses	2,550	" Commission	1,205
" Bad debts	2,100	" Discount	751
" Reserve for bad debts	3,000	" Sundry receipts	202
" Fire insurance premium	450	" Rent of building	52,640
" Advertisement	2,500	" Capital gain	3,000
" Interest on capital	1,000		
" Interest on bank loan	1,550		
" Donation	3,875		
" Depreciation	1,200		
" Net profit	1,70,305		
	1,93,330		1,93,330

The amount of depreciation allowable is ₹ 1,000.

4. Mr. Vinay, resident of India furnished the following details. Compute his income from capital gain for the A.Y. 2020-21 :
- Date of purchase of house property 1-12-2000.
 - Cost of acquisition ₹ 5,00,000.
 - Cost of additions in the year 2000 is ₹ 50,000.
 - Fair market value as on 1-4-2001 ₹ 7,00,000.
 - Cost of additions in 2004-05 is ₹ 1,55,400.
 - Sale consideration ₹ 60,00,000.

Cost inflation index 2001-02=100, 2004-05=113 and 2019-20=289.



5. Mr. Manu has the following incomes during the year ending 31-3-2020.

	₹
a) Director's fees	40,000
b) Interest on post office S.B. A/c	2,000
c) Dividend received from Co-operative Society	36,000
d) Interest on security	20,000
e) Royalty from book written	1,00,000
f) Expenses incurred for this purpose	10,000

Compute his income from other sources for the assessment year 2020-21.

6. State the provisions under Section 54 and 54B.

SECTION - C

Answer **any 3** questions from the following. **Each** question carries **14** marks :

(3×14=42)

7. The Profit and Loss A/c of Mr. Jagadish Yadav for the year ended 31-3-2020 is given below :

	₹		₹
To General expenses	14,000	By Gross profit b/d	2,80,000
" Fire insurance premium	4,000	" Bad debts recovered	8,000
" Bad debts	2,000	" Interest from Govt.	
" Salaries	1,30,000	securities	2,000
" Advertisement (in cash)	44,500	" Rent from employees	48,000
" Proprietor's salary	25,000	" Lottery income	1,60,000
" Interest on capital	4,000	" Discount received	15,500

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" Provision for tax	2,000	" Profit on sale of plant	16,000
" Depreciation	4,000	" Dividend from foreign	
" Sales tax (due)	10,000	company	4,000
" Advance income tax paid	2,000		
" Donation to approved			
scientific research association	10,000		
" Donation to university to			
conduct social research	12,000		
" Motor car expenses	2,000		
" Municipal tax of quarters			
given to employees	8,000		
" Family planning expenditures	4,000		
" Charities to poor boy	16,000		
" Net profit	2,40,000		
	5,33,500		5,33,500

Additional informations :

- Out of bad debts recovered ₹ 6,000 were disallowed in earlier previous year.
- Depreciation allowable on all assets as per income tax rule was ₹ 3,600.
- Sales tax was paid on 28-7-2020. Last date for filing the income tax return was 31-7-2020.
- 40% of the car expenses were incurred for personal use.

Calculate Taxable Profit from Business of Mr. Jagadish Yadav for assessment year 2020-2021.



8. Mr. Hari submit the following particulars of his income for the P.Y. 2019-20.

- a) Business income ₹ 50,000.
- b) He had shares of face value of ₹ 1,50,000 which he purchased for ₹ 2,40,000 on May 2014. He sold them for ₹ 5,25,000 in 10th September 2019 and brokerage 1% on the face value.
- c) On 30th November 2019, he sold his personal car for ₹ 1,00,000 which he had purchased 5 years back ₹ 75,000.
- d) He sold one of his residential house, costing ₹ 2,74,000 in 2008-09 for ₹ 14,30,000 on 16-8-2019 and paid brokerage ₹ 15,000.
- e) He sold listed debenture of a company on 1-8-2019 for ₹ 1,81,000 which were purchased by him for ₹ 1,31,500 on 1-2-2017.
- f) He sold Jewellery on 1-7-2019 for ₹ 21,50,000, which cost him ₹ 5,25,000 in May 2002.

Cost inflation index are 2002-03=105, 2008-09=137, 2014-15=240 and 2019-20=289.

Compute his Taxable Capital Gain for A.Y. 2020-21.

9. Mr. Ramesh submit the following details for his Income for the year ended 31-3-2020.

- a) He lives in a rented house paying a rent of ₹ 6,000 p.m. He has sub-let $\frac{1}{3}$ portion of the house on a rent of ₹ 3,000 p.m. He has under taken the liability of paying municipal tax ₹ 1,500 on the whole house and also repairs of the whole house amounting to ₹ 6,000.
- b) Income from agricultural land in Bangladesh ₹ 20,000.
- c) Dividend from U.T.I. ₹ 4,000.



- d) He holds the following investments :
- ₹ 1,00,000, 9% tax free commercial securities (not listed).
 - ₹ 30,000, 7% debenture of J.C.T. Mills Ltd.
 - ₹ 72,000, 10% tax free debenture of LIC of India.
 - 10% U.P. State Electricity Board Bond ₹ 1,00,000.
- e) Interest on P.O.S.B. A/c ₹ 14,500.
- f) Honorarium received for writing articles in Magazines ₹ 1,000.
- g) He is an examiner of a number of universities, he received ₹ 10,000 remuneration.

Compute his Income from Other Sources for the assessment year 2020-21.

10. Dr. Mohan is a registered Medical practitioner. He keeps his book on cash basis. The summary of his Cash A/c for the year ended 31-3-2020 is as under.

	₹		₹
To Balance b/d	58,500	By Cost of medicines	1,20,000
" Loan from bank for professional use	1,00,000	" General expenses	4,500
" Sale of Medicines	2,65,000	" Motor car expenses	60,000
" Consultation fees	1,60,000	" Salaries	12,000
" Visiting fees	30,000	" Rent of dispensary	24,000
" Interest on government securities	36,000	" Telephone expenses	5,000
" Rent from house property	80,000	" Personal expenses	16,000
" Gift from father-in-law	50,000	" Life insurance premium	25,000
" Gift from patients	20,000	" Interest on loan from Bank	2,000
		" Insurance premium :	
		On car	7,000
		On house property	<u>5,000</u> 12,000
		" Local taxes	8,000
		" Travelling expenses (personal)	10,000
		" Charity	1,000
		" Balance c/d	5,00,000
	7,99,500		7,99,500



Compute his income from profession for the assessment year 2020-21. Taking into account the following further information.

- a) One-half motor car expenses is in respect of personal use.
 - b) Rent of dispensary for 4 months ₹ 12,000 and telephone bill ₹ 2,000 are outstanding.
 - c) Consultation fees include a receipt of ₹ 60,000 for attending medical camp in April 2019.
 - d) The written down value (W.D.V.) of motor car on 1-4-2019 was ₹ 1,27,200, Rate of depreciation at 15% p.a.
11. Mr. Chandra is a Reputed Lawyer of Bangalore. He has prepared the following Income and Expenditure A/c for the year ended 31-3-2020.

Expenditures	₹	Income	₹
To Household expenses	25,000	By Legal fees	2,52,000
" Office expenses	14,000	" Special commission	
" Charities	1,000	appointment fees	2,800
" Telephone expenses	1,000	" Cash gift received from	
" Income tax	1,800	clients	4,000
" Rent	8,000	" House rent	30,000
" Gift to daughter	4,000	" Interest on Govt. securities	6,000
" Electricity charges	2,000	" Salary as part time	
" Contribution to NDF	1,000	Lecturer in Law	12,000
" Contribution to PPF	4,800		
" Law journals	6,000		
" Salaries	30,000		
" Purchase of motor car	1,20,000		
" Purchase of furniture	4,000		
" Life insurance premium	10,000		
" Motor car expenses	12,000		
" Purchase of typewriter	12,000		
" Surplus	50,200		
	3,06,800		3,06,800