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DATE: 10-4-19

**ST. JOSEPH’S COLLEGE (AUTONOMOUS), BANGALORE-27**

**B.COM - VI SEMESTER**

**SEMESTER EXAMINATION: APRIL 2019**

**BC 6216 / BPS 6216- Income Tax- II**

**SUPPLEMENTARY CANDIDATES ONLY**

**Time- 2 1/2 hrs Max Marks-70**

**This paper contains six printed pages and four parts**

**SECTION-A**

**Answer any FIVE of the following questions. Each question carries two marks. (5x2=10)**

1. Define “Income from Business”.
2. What is Block of Assets?
3. Give the meaning of Capital asset.
4. What is Cost inflation Index?
5. Differentiate between deduction & Exemption
6. What are Bond Washing Transactions?
7. Define the term Capital Asset.

**SECTION- B**

**Answer any THREE of the following questions. Each question carries five marks. (3x5=15)**

1. State the provisions for Exemption u/s 54, 54B, 54D, 54EC & 54F.
2. State whether the following transactions are admissible while computing income from business
3. Provision for income tax
4. Income tax appeal expenses
5. Daily allowance give to an employee
6. Pension paid to widow of a deceased employee
7. Expenses incurred in connection with installation of a new telephone
8. He installed a neon sign board for advertisement in shop entrance
9. Payment made to a exporter for buying foreign goods, payment was made without deducting TDS
10. One of the competitors copied his trademark and therefore the assessee spent money on filing a case for infringement.
11. Mr. Vijay sells the following asset during the financial year 2017-18.

|  |  |  |
| --- | --- | --- |
| **Particulars** | **Diamond Ring** | **House Property** |
| Purchase date | 3rd December 2007 | 1st October 1998 |
| Date of Sale | 14th January 2018 | 14th January 2018 |
| Sale consideration | Rs. 4,00,000 | Rs. 40,00,000 |
| Purchase cost | Rs. 1,00,000 | Rs. 7,00,000 |
| F.M.V. on 1st April 2001 | Rs. 70,000 | Rs. 10,00,000 |
| Selling expenses | Rs.5,000 | Rs. 30,000 |

**Compute the taxable Capital Gains for A.Y. 2018-19 (CII 2001-02 =100, 2007-08=129, 2017-18=272).**

1. Dr. Mickey is a medical practitioner. The following is the receipts and payment account kept on mercantile basis for the year ending 31-3-2018. Compute his professional income.

|  |  |  |  |
| --- | --- | --- | --- |
| To opening balance b/d | 25,000 | By Salary to staff | 36,000 |
| Consultation fee | 75,000 | Purchase of medicine | 18,000 |
| Visiting fee  | 62,500 | Professional books ( non-annual) | 10,000 |
| Interest on bank deposit | 10,000 | Purchase of car | 2,40,000 |
| Agriculture income | 40,000 | Car expenses  | 20,000 |
| Gift from patients | 15,000 | Computes purchased | 50,000 |
| Rent from H.P | 48,000 | Personal expenses | 45,000 |
| Loan from bank for profession | 1,50,000 | Income tax  | 1,500 |
| Operation charges | 90,000 | Life insurance Premium  | 10,000 |
| Sale of medicine | 32,500 | Loan repayment  | 35,000 |
|  |  | Municipal tax of house property | 5,000 |
|  |  | Interest on loan | 7,500 |
|  |  | By balance c/d | 70,000 |
|  | **5,48,000** |  | **5,48,000** |

**Additional information**

* 1. 50% of car is used for personal use
	2. A cash gift of Rs. 500 received from a patient is not recorded in the books.
	3. Closing stock of medicine - Rs.2, 500.
1. Mr. Donald submits the following particulars of Income for the year ended 31st March 2018.
2. Salary from part time job- Rs.2,00,000 pa.
3. Royalty from books written Rs.20,000. (Expenses incurred for this purpose Rs.2,500)
4. Winnings from lottery Rs. 35,000 (Net), Purchase of Lottery ticket- Rs.500.
5. Interest on Fixed Deposit from Yes Bank Rs.5000.
6. Agricultural Income from Hassan -Rs. 10,000.
7. Dividend received from Wonder la shares Rs. 7,000.
8. Rent from House property Rs. 60,000 p.a.
9. Family Pension received Rs.15000 per annum.
10. Rent from Sub-letting a house Rs. 4,000 per month (rent paid to the owner Rs. 1,500 per month and repair expenses Rs. 500 per annum)

 **Compute Gross Total Income for the AY 2018-19.**

**SECTION -C**

**Answer any Three of the following questions. Each question carries ten marks. (3x10=30)**

1. The following particulars related to Mr. Salman for the PY 17-18.Compute taxable income from business for the AY 2018-19.

|  |  |  |  |
| --- | --- | --- | --- |
| **Particulars** | **Amount** | **Particulars** | **Amount** |
| To Opening stock | 20,000 | By Sales |  1,00,000 |
| To Purchases | 24,000 | By Closing stock |  40,000 |
| To Wages | 16,000 | By Income from house property |  10,000 |
| To Rent rates & Taxes | 6,000 | By Income tax refund | 5,000 |
| To Household expenses | 10,000 | By Agricultural income | 5,000 |
| To Bad debts | 4,000 |  |  |
| To Income Tax | 4,000 |  |  |
| To Wealth Tax | 4,000 |  |  |
| To excise duty | 2,000 |  |  |
| To Sales Tax | 1,000 |  |  |
| To Telephone expenses | 21,000 |  |  |
| To URPF | 10,000 |  |  |
| To Gifts & presents | 12,000 |  |  |
| To Provision for bad debt | 2,000 |  |  |
| To Net profit | 24,000 |  |  |
| **Total** | **1,60,000** | **Total** |  **1,60,000** |

**Additional information:**

 1) Opening stock was overvalued by 10% and closing stock is overvalued by 10%

 2) Rent includes 50% paid for residence

 3) Sales Tax & Excise duty is paid within the due date.

 4) Gifts and presents include Rs 5, 000 given to employees

 5) Depreciation of Rs 10,000 according to IT provisions, but not debited.

1. Miss. Anushka is a medical practitioner. She gives you the following summary of cash book for the year ending 31.3.2018.

|  |  |  |  |
| --- | --- | --- | --- |
| **Particulars** | **Amount** | **Particulars** | **Amount** |
| To Visiting fee | 1,50,000 | By Rent of clinic |  30,000 |
| To Consultation fee | 2,00,000 | By Electricity charges |  10,000 |
| To Gifts and presents |  50,000 | By Purchase of Medicine |  60,000 |
| To Sale of Medicine |  75,000 | By Staff salaries |  26,000 |
| To Dividend from Wonder la |  25,000  | By Medical equipment purchased |  75,000 |
| To Interest on Savings bank a/c |  10,000 | By Purchase of motor car | 1,00,000 |
| To Balance  |  90,000 | By Motor car expenses |  30,000 |
|  |  | By Purchase of computers |  70,000 |
|  |  | By Purchase of professional  Books ( non -annual) |  20,000 |
|  |  | By Household expenses |  29,000 |
|  |  | By Telephone expenses |  10,000 |
|  |  | By Donation to medical  Association |  50,000 |
|  |  | By Charity |  90,000 |
| **Total** | **6,00,000** | **Total** | **6,00,000** |

Additional information:

1. Gifts & presents were given by patients in appreciation of her service.
2. Motor car was purchased on 1.2.2018 and half of the usage is for personal purposes.
3. 1/4th of the telephone expenses are personal.

Compute taxable income from profession for AY 2018-19.

1. Following are the particulars of income of Mr. Ranveer (aged 32 years) for the year ending 31.3.2018.

|  |  |
| --- | --- |
| **Particulars** | **Amount** |
| Interest on Government securities (Gross)  | Rs.3,500 |
| Rental value of House Property | Rs.80,000 |
| Profit of retail textile business  | Rs.2,80,000 |
| Dividend from Eicher Motors Ltd | Rs.2,000 |
| Winnings from Lottery ( Net) | Rs.70,000 |
| Agricultural Income from Chennai | Rs.80,000 |
| Paid Life Insurance premium | Rs.20,000 |
| Invested in PPF | Rs.75,000 |
| Donation to notified Church | Rs.10,000 |

Compute his total income and tax payable for the AY: 2018-19.

1. Dr. Dexter is a professor and a resident of India. He submits before you the following Incomes for computing his income under the head “income from other sources” for the assessment year 2018-19:
2. Salary Rs 35,000 per month from Almighty College.
3. He is the author of a text book ‘Accountancy made easy’ which fetched him a gross royalty of Rs 60,000 in lump-sum and which is in consideration of the transfer of copyright.

He claims the following deductions from the account:

* 1. Salary to a clerk who collected for him necessary data and goes through the final proof reading Rs 6,000.
	2. Purchased books worth Rs 800 in connection with the revision of the book.
	3. Telephone expenses of Rs 2, 600 attributed to the publication and sale of his book and other matters in connection with the printing of the new edition of the book.
1. Income from articles which were published in Scopus Indexed Journal Rs 16,000
2. He lives in a rented house paying rent @ Rs 18,000 p.m. He has sub-let 1/3 portion of the house on a rent of Rs 7,500 per month. he has undertaken the liability of paying municipal taxes of Rs 5, 400 pa on the whole house and also the current repairs of the whole house amounting to Rs 6,000 pa.
3. Dr. Dexter received Rs 600 per lecture delivered at Alpha institute during the previous year. He delivered 8 lectures.
4. He is an examiner in an university. This source gave him a remuneration of Rs 15, 600. He incurred Rs 700 on postage etc. in connection with the examination work which were reimbursed by the university. He received Rs 2000 as remuneration for invigilation work in the university examinations.
5. Wins from chess game- Rs 1, 000 (Gross)
6. Received interest on Govt. of Nepal Bonds Rs 1, 500.
7. Received 2, 000 as dividend from TCS ltd.
8. Income from agricultural land situated at Sri Lanka Rs 7, 000.
9. Discuss in detail the deductions under section 80C

**SECTION -D**

1. **Answer the following compulsory question. The question carries fifteen marks. (1x15=15)**
2. Ms.Vinitha had two houses, the 1st house was occupied by herself for her residence. She got this house from her brother as a gift on 15-08-2008. Her brother purchased this house in 1999 for Rs.65,000. FMV on 01-04-2001 was Rs.1,90,000. Ms.Vinitha spent Rs.6,500 on its improvement on 10-09-2017. She sold it on 30-09-2017 for Rs.18,50,000. She purchased another house for her residence on 25-03-2018 for Rs.9,00,000.
3. She had purchased the 2nd house for Rs.1,56,000 in 2007-08 and had let out for residential purpose. She sold this house on 31-08-2017 for Rs.8,50,000 by incurring selling expenses of Rs.47,800.
4. She had purchased jewellery in 2007-08 for Rs.75,000 and on 25-02-2018 sold this jewellery for Rs.8,50,000 and purchased new jewellery for Rs.2,00,000.
5. Motor car sold on 01-12-2017 for Rs.90,000 was purchased by her in January 2006 for Rs.1,40,000 and its WDV on 01-04-2017 is Rs.76,000. Car is used for business.
6. Sale of personal vehicle for Rs.40,000 in December 2017 and its cost Rs.1,20,000(date of acquisition- 05-04-2007)

(CII for 2005-06 =117, 2007-08=129, 2008-09= 137, 2017-18=272)

 Compute the taxable capital gain for AY 2018-19.

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