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| **ST. JOSEPH’S COLLEGE (AUTONOMOUS),**  **BANGALORE-27** | | | | | | |
| **B.Com IFA - III SEMESTER**  **SEMESTER EXAMINATION: October 2021** | | | | | | |
| **(Examination Conducted In February-March 2022)**  **BC IFA 3119** - **Income Tax II** | | | | | | |
|  |  |  |  |  |  |  |
| **Time- 2 1/2 hrs** | |  | **Max Marks-70** | | |  |
|  |  |  |  |  |  |  |
| **This paper contains 4 printed pages and four parts** | | | | | | |

**SECTION A**

**Answer any FIVE questions. Each question carries two marks [5x2=10]**

1. What do you mean by vocation ?
2. State any 2 Long Term Capital Asset for which benefit of indexation is not available
3. Compute net tax liability Ms.Sudha, aged 72 years whose total income for PY 2019-20 is Rs.7,80,000
4. Give the meaning of capital asset
5. How to treat bad debts recovered but disallowed earlier ?
6. What is the deduction allowable u/s 80GG?

**SECTION – B**

**Answer any THREE questions. Each question carries five marks [3x5=15]**

1. Manish purchased a land for Rs.150,000 in 2002-03. In the PY 2007-08, he gifts the property to his son Mr. Bharat, who incurs an expenses of Rs. 250,000 on the plot towards fencing of the plot of land. Mr. Bharat then sells this plot at Rs. 15,00,000 in PY 2019-20. You are required to compute the capital gains for AY 2020-21.CII (19-20)= 289, CII (02-03)= 105, CII(07-08)=129
2. Ms.Roopa owns a manufacturing unit in Mumbai. She needs your advice on admissibility of following transaction while computing income from business.
3. A sum of Rs.15,000 was paid to factory union leader to call of strike-
4. Penalty paid to customs authority for importing prohibited goods from Chile Rs.1,00,000-
5. She installed neon sign board for advertisement in shop entrance
6. Compensation of Rs.3,00,000 paid to an employee for premature termination of his services-
7. She has sent R&D manager to Paris to procure a latest machine for manufacturing operations. In this context travelling expenses of Rs.3,00,000 was incurred.
8. Compute total income of Sri Bhandari for PY 19-20 from following information:

Taxable Salary (Net)- Rs.75,000

Income from other sources – Rs.20,000

Agricultural income – Rs-4,000

He deposited in LIC annuity plan Rs.18,000. He paid medical insurance premium by cheque for his dependant blind mother (certified as severe disable person), aged 68 years, Rs.20,000.

1. State the provisions for set-off and carry forward of the following :
2. Loss from House Property
3. Loss from business or profession
4. Speculation Business Loss
5. Short-term capital loss
6. Long-term capital loss

**SECTION – C**

**Answer any TWO questions .Each question carries fifteen marks [15x2=30]**

1. ) From the following receipts and payments of Mrs.Deepa (resident), compute her taxable income under the head income from other sources and Total Income for AY 20-21
2. Winning from Madhya Pradesh State Lottery (Gross) - Rs.28,000
3. Winnings from Rajasthan State Lottery (Gross) - Rs.3,000
4. Winnings from horse race (Gross) - Rs.49,000
5. Winnings from cross word puzzle (Gross) -Rs.2,500
6. Gift received from a friend in London -Rs.1,00,000
7. Winnings from card game (Gross)- Rs.2,500
8. Purchase of Lottery tickets (Gross) Rs.3,000 and payments for betting in horse race (Gross) Rs.6,000
9. Winnings from camel race (Gross)- Rs.30,000
10. Agricultural income from Pakistan - Rs.1,50,000
11. Composite Rent (related expenditure is Rs.5,000)
12. Income tax paid -Rs. 2,000
13. Dividend received Rs.10,000 on preference shares of an Indian company and paid 500 by way collection charges
14. Payment made to LIC as premium - Rs. 2,000
15. Spent Rs.25,000 for maintenance of disabled brother (disability 60%)
16. Received family pension -Rs.25,000
17. a) Mr. Khan purchased a residential house in the previous year 2005-06 for Rs. 2 crores. The house property is sold for Rs. 10 crores in the previous year 2019-20 and the capital gain is invested in two residential house properties worth Rs. 4 crores each. Can he claim the benefit of section 54 in respect of both houses ? **(5 marks)**

b) Mr. X purchases a property for Rs. 50000 on 3rd May 1975. The following expenses were incurred by him: Cost of Improvement of property in 1998-99 Rs. 250,000 ,Cost of Construction of two floors in 2002-03 Rs. 800,000, Cost of Reconstruction and refurbishment of property in 2012-13 Rs. 15,00,000 .FMV of property on 1st Apr 2001 is Rs 10,00,000. He sells the house on 9th Sep 2019 for Rs. 80,00,000 and incurs Rs 250,000 on transfer. Compute the Capital Gains taxable in his hands in AY 2020-21.**(5 marks)**

c) X Ltd. has a building acquired on 17/08/2018 for Rs 5,00,000. The assessee, as a tenant, earlier used the building, for industrial purpose since last 7 years and even after purchase it is continuously used for industrial purpose. Such building is compulsorily acquired by Government at an agreed value of Rs. 12,00,000 as on 15/07/2019 The compensation was received on 1/03/2020. The written down value of the block (consist of 3 buildings) as on 1/04/2019 is

Rs. 7,50,000. The company acquired a new building for industrial purpose for Rs.2,00,000 as on – Case A) 31/03/2020; Determine his taxable capital gain. **(5 marks)**

CII (19-20)= 289; CII (02-03)= 105; CII(12-13) = 200; CII (05-06)=117;

1. The following is the Receipt And Payment Account of a medical practitioner Dr.Harshini for the year ended 31-3-2019

Receipt And Payment Account for the year ended 31-3-2019

|  |  |  |  |
| --- | --- | --- | --- |
| Receipts | Amount | Payment | Amount |
| To Balance b/d | 1,20,000 | By Clinic rent | 25,000 |
| To Visiting fess | 80,000 | By Staff Salaries | 80000 |
| To Consultation fees | 65,000 | By Rent and taxes | 25000 |
| To Sale of Medicines | 45,000 | By Electricity and water Charges | 14000 |
| To Operation theatre rent | 25,000 | By Purchase of Medical Books(annual publication ) | 14000 |
| To Interest | 25,000 | By Purchases of surgical equipment’s | 40000 |
|  |  | By Motor car expenses | 10000 |
|  |  | By Medical association member fees | 5000 |
|  |  | By Audit Fees | 20000 |
|  |  | By Staff welfare expenses | 12000 |
|  |  | By Diwali expenses | 6000 |
|  |  | By Entertainment expenses | 12000 |
|  |  | By Medicine Purchased | 30000 |
|  |  | By Balance c/d | 67000 |
|  | **3,60,000** |  | **3,60,000** |

Additional Information

1. Gift From patient Rs.4,000 was given to him by a patient not included in the account.
2. ¼ of motor car expanses relate to personal use .
3. The rate of depreciation on surgical equipment is 15%
4. Interest received is on Bank deposits .
5. Audit fee includes Income tax appeal expenses of Rs.10,000.

Compute his taxable income from profession for the assessment year 2020-2021

**SECTION – D**

**Compulsory Question [1x15=15]**

14. Mr. ‘A’ had income against the following heads

Taxable salary income of - Rs.40,000

Income from house property - Rs.75,000

Income from other sources - Rs.20,000

Long term Capital Gain - Rs.2,50,000

Interest on securities of DCM Ltd. Gross - Rs.8,000

He made following payments: Contribution to P.F. (recognised) – Rs. 2,000

Donation to the Prime Minister’s National Relief Fund - Rs.2,500

Donation to the Indira Gandhi Memorial Trust – Rs.4,000

Donation to an approved association for promoting family planning – Rs.4,000

Donation to approved charitable trust – Rs.10,000

Compute Mr. A’s taxable income for assessment year 2020-21 and his tax liability.