



SA – 768

VI Semester B.Com. Examination, April/May 2015
(Semester Scheme) (2014-15 and Onwards) (Freshers)

COMMERCE

Paper – 6.3 : Income Tax – II

Time : 3 Hours

Max. Marks : 100

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

SECTION – A

Answer **any ten** sub-questions. Each sub-question carries **two** marks. (10×2=20)

1. a) What is profession ?
- b) Name 4 incomes chargeable under the head other sources.
- c) Mention 4 admissible expenses while computing taxable business income.
- d) What is long term capital asset ?
- e) Give the meaning of set-off.
- f) Expand (1) TDS (2) DTC.
- g) How do you treat expenditure on patents while computing taxable business income ?
- h) Mention the provisions under Sec. 80-E.
- i) What are less tax securities ?
- j) Give the meaning of casual income.
- k) What is meant by block of assets ?
- l) What are bond washing transactions ?

SECTION – B

Answer **any four** questions. Each question carries **eight** marks. (4×8=32)

2. Mr. Rudramurthy bought 1000 Equity shares of Sonata Software Ltd. in May 2002 at Rs. 40 per share (brokerage 1%). He received bonus shares in the ratio of 1 : 1 in June 2007. Again he was allotted right shares in the ratio of 1 : 1 in April 2010 at Rs. 60 per share. He sold all the shares in Dec. 2013 at Rs. 150 per share (brokerage 0.5%). Compute the taxable capital gains for the A.Y. 2014-15. CII 2002-03 = 447, 2007-08 = 551, 2010-11 = 711, 2013-14 = 939.

P.T.O.



3. Mr. Prashanth is a member of Legislative Assembly. He has given the following particulars of his income for the F.Y. 2013 – 14.
- Salary from Govt. of Karnataka Rs. 55,000 per month.
 - Daily allowance for attending sessions Rs. 70,000.
 - Interest on F.D. with Central Bank of India (gross) Rs. 77,000.
 - Rent from house property in Bangalore Rs. 20,000 per month.
 - Dividend from Maruthi Suzuki Ltd. Rs. 6,000.
 - Income from letting on hire Plant and Machinery Rs. 24,000 per month.
 - Dividend from Sirsi Co-op. Society Rs. 4,800. Compute income from other sources.
4. Mr. Vineeth bought a residential house property in May 2003 for Rs. 2,34,000. He renovated the property in 2008-09 at a cost of Rs. 3,21,000 and the property was sold for Rs. 29,00,000 in Nov. 2013 (brokerage 2%). Another residential house property was bought in Feb. 2014 for Rs. 6,60,000 (brokerage 2.5%). Compute the taxable capital gains for the A.Y. 2014-15.
CII 2003-04 = 463, 2008-09 = 582, 2013-14 = 939.
5. Mr. Kalyan Kumar has reported the following particulars of his income, savings and investments for the F.Y. 2013-14.
- Net salary received Rs. 8,60,000
 - Net income from house property Rs. 1,24,000
 - Net income from other sources Rs. 78,000
 - Repayment of housing loan principal amount Rs. 50,000.
 - Life Insurance premium on own life Rs. 36,000.
- Compute his tax liability for the A.Y. 2014-15.
6. State the provisions under Sec. 54 and Sec. 54-B.

SECTION – C

Answer any three questions. Each question carries sixteen marks.

(3×16=48)

7. Following is the Trading and Profit and Loss A/c of Manjunath Enterprises for the year ended 31st March 2014.

	Rs.		Rs.
To Opening Stock	1,24,000	By Sales	33,30,000
” Purchases	7,28,000	” Closing stock	1,36,000
” Carriage	78,800		
” Wages	52,000		
” Mfg. expenses	63,000		
” G/p	24,20,200		
	34,66,000		34,66,000



To Salaries	2,28,000	By G/p	24,20,200
" Int. on capital	1,72,000	" Rent from house property	44,000
" Drawings	1,10,000	" Dividend from Tata Chemicals	10,600
" Rent and taxes	1,54,000	" Bad debts recovered	15,000
" Donation	25,000	" Int. on debentures of M & M Ltd.	18,000
" Repairs	61,000	" Misc. income	8,000
" Depreciation	73,000	" Gifts from relatives	70,400
" General exps.	24,000		
" Legal charges	6,000		
" IT appeal exps.	10,000		
" Audit fees	5,000		
" LI premium	46,900		
" Fire insurance premium for goods	23,300		
" Daughter's college fees	30,000		
" Travelling exps.	18,000		
" Net profit	16,00,000		
	25,86,200		25,86,200

Additional information :

- 1) Stocks are valued 10% below cost.
- 2) Depn. allowable as per I.T. rules Rs. 54,000.
- 3) Legal charges are in connection with purchase of land.
- 4) Repairs include Rs. 6,000 related to house property.
- 5) Salaries include Rs. 4,600 paid to a domestic servant.
- 6) 40% of bad debts recovered were disallowed earlier.

Compute taxable income from business for the A.Y. 2014-15.

8. Dr. Rekha is a registered medical practitioner. She provides her Receipts and Payments Account for the year ended 31st March 2014.

To Balance b/d	1,30,000	By Salaries	66,000
" Visiting fees	1,40,000	" Clinic rent	96,000
" Consultation fees	4,76,000	" Motor car exps.	70,000
" Spl. medical camp remuneration	50,000	" Driver's salary	60,000
" Rent from H.P.	1,20,000	" Medical books	30,000
" Gifts	60,000	" Motor car purchased	5,00,000
		" House hold exps.	92,000



" Dividend from Sun Pharma Ltd.	11,600	" Telephone	29,000
" Int. on debentures of Tata Power Ltd.	18,800	" Travelling	20,000
	10,06,400	" Surgical equipment	33,000
		" Bal c/d	10,400
			10,06,400

Additional information :

- 1) Remuneration received for special medical camp was donated to an orphanage.
- 2) 30% of motor car usage, 20% of travelling exps. and 25% of telephone bills relate to personal use.
- 3) Allow depn. as per IT rules.
- 4) 50% of gifts are from patients.
- 5) Medical books include annual publication worth Rs. 10,000 remaining are general medical books.

Compute taxable professional income for the A.Y. 2014-15.

9. Mr. Venkatesh sold the following assets during the F.Y. 2013-14.

- 1) A residential house property was sold in Nov. 2013 for Rs. 36,00,000 (brokerage 2%). This property was purchased in March 2001 at a cost of Rs. 3,36,000, it was renovated in 2008-09 at a cost of Rs. 2,52,000. He purchased a commercial property for Rs. 15,00,000 in Jan. 2014.
- 2) 1500 Equity shares of Tata Steel were sold at Rs. 800 per share (brokerage 0.5%) in Jan. 2013. These shares were bought in April 2008 at Rs. 1,400 per share (brokerage 1%).
- 3) Jewellery was sold for Rs. 8,45,000. This was purchased in May 2008 for Rs. 4,20,000.
- 4) He sold urban plot of land for Rs. 38,00,000 (brokerage 2%). This was purchased in April 2009 for Rs. 18,00,000 (brokerage 1.5%).

Compute the taxable capital gains for the A.Y. 2014-15.

CII 2000-01 - 406, 2008-09 - 582, 2009-10 - 632, 2013-14 - 939.

10. Mr. Rama Narayana submits the following particulars of his income from other sources for the year ended 31-3-2014.

- 1) Royalty from books written Rs. 40,000 (expenses incurred for this purpose Rs. 4,000)
- 2) Interest on fixed deposits in a Bank Rs. 30,000 (gross).
- 3) Family pension from Govt. of Karnataka annually Rs. 48,000.
- 4) Winning from horse race Rs. 70,000 (Net).
- 5) Rent from subletting of house Rs. 3,000 per month (Rent paid to owner Rs. 2,000 and repair expenses Rs. 400).
- 6) Cash worth Rs. 90,000 was found in his private locker. The source of which could not be explained by him.
- 7) Winning from lottery net Rs. 1,40,000 (purchase of lottery Rs. 150)
- 8) Remuneration from articles published in a magazine Rs. 4,000.

Compute his taxable income from other sources for the A.Y. 2014-15.