

ST. JOSEPH'S EVENING COLLEGE (AUTONOMOUS)

VI SEMESTER B.COM EXAMINATIONS - APRIL 2019

INCOME TAX - II

Duration: 2.5 Hours

Max. Marks: 70

SECTION-A

Answer any EIGHT of the following questions.

(8x2=16)

1. What is block of assets?
2. Name any two Intangible Assets on which Depreciation is allowable.
3. What is Cash System of accounting?
4. Mention any two "Inadmissible Items" while calculating Income from Business.
5. What are Bond Washing Transactions?
6. State any two Long Term Capital Assets for which the benefit of indexation is not available.
7. How do you set-off the Long Term Capital Loss?
8. Define transfer.
9. What is PAN?
10. Mention the losses which cannot be set-off against income from Other Heads.
11. What is Tax Rebate?
12. Mention the provisions of U/S 80E.

SECTION-B

Answer any THREE of the following questions.

(3x8=24)

13. Explain provisions regarding set off and carry forward of losses.
14. Explain exemption u/s 54B.
15. From the following information, state whether admissible or inadmissible while computing income from business.
 - a) Legal expenses incurred to defend a breach of contract.
 - b) Income tax paid
 - c) Bad debts
 - d) Payment to a creditor in cash Rs.21000
 - e) Outstanding sales tax
 - f) Salary paid to family members who are not professionally qualified.
 - g) Discount allowed
 - h) Theft of goods at office.

16. Mr. Kumar is a leading advocate who maintains the books on cash basis. From the following receipts and payments a/c for the year 2017-18, compute his taxable income from profession.

To balance b/d	12000	By staff salary	19500
To consultation fee	37500	By office rent	28000
To special commission	85000	By car expenses	15000
To gifts from clients	72000	By computer purchased	40000
To loan from bank	100000	By repayment of loan	50000
To share of income from HUF	50000	By car purchased	200000
To remuneration from articles published in professional journal	14000	By purchase of professional book	8000
To arbitration fee	10000	By interest on loan	12000
	-	By balance c/d	8000
Total	380500	Total	380500

Adjustments:

- 1) Loan is borrowed for profession purpose.
- 2) 25% of the car used for personal purpose.
- 3) Depreciation allowed as per IT rules are car 15%, computer 60% and books 100%.

17. Mr. David has furnished the following information in respect of donations made by him For the PY2017-18

- 1) Donation to PM national relief fund Rs.100000
- 2) Donation to national sports fund Rs.150000
- 3) Donation to Rajiv Gandhi foundation Rs.50000
- 4) Donation to approved charitable trust Rs.40000
- 5) Donation given to poor students Rs.20000
- 6) Rs.80000 given to municipality for family planning program
- 7) Rs.15000 paid to notified church.

His gross total income is Rs.1600000. Compute the amount of deduction available to him U/S 80G for the AY 2018-19.

SECTION-C

Answer any TWO of the following questions.

(2x15=30)

18. Following is the trading and P/L a/c of Raj Enterprises for the year ended 31-03-2018.

Dr.		Cr.	
Particulars	Rs.	Particulars	Rs.
To Opening stock	50000	By Sales	950000
To Purchases	250000	By Closing stock	70000
To Carriage	10000		-
To Manufacturing expenses	50000		-
To Gross profit c/d	660000		-
Total	1020000	Total	1020000
	-	By Gross profit b/d	660000
To Salaries	35000	By Interest on Govt. securities	40000
To Interest on capital	7000	By Rent from house property	70000
To Drawings	10000	By Bad debts recovered (allowed earlier)	30000
To General expenses	80000	By Sundry receipts	80000
To Bad debts	28000	By Agricultural income	20000
To Purchase of patents	50000		-
To LIC premium	22000		-
To Loss by theft at office	70000		-
To Provision for doubtful debts	8000		-
To Income tax	20000		-
To Car expenses	15000		-
To Net Profit	555000		-
Total	900000	Total	900000

Adjustments:

1. Opening stock valued at 10% below cost and closing stock valued at 15% above cost.
2. Purchases include a cash payment of Rs.18000 paid to a supplier.
3. Salaries includes Rs. 5500 paid to a domestic servant.

4. $\frac{1}{4}$ th of the car used for personal purposes.
5. Allowable depreciation as per IT rules Rs.20000 (except depreciation on patents @ 25%).

Compute taxable income from business for the AY 2018-19.

19. Mr. Edwin has given you the following information for the PY 2017-18

- a). Jewelleries have been sold for Rs.9000000 on 05-06-2017 in Bangalore. Brokerage was paid @ 1% on sales. Jewelleries were purchased in May 1999 for Rs. 300000. He incurred Rs.70000 in January 2008 for purpose of improvement of Jewelleries. He purchased new residential house for Rs.4500000 on 31-12-2017.
 - b). Agriculture land in Bangalore purchased on 05-05-2012 for Rs.3000000 (2% commission on purchase) has been sold for Rs. 6800000 on 19-08-2017 by paying commission of Rs.30000 on sales. He invested Rs. 1000000 on the bonds issued by NHA1 on 02-01-2018 and on same date he deposited Rs.80000 in capital gain a/c scheme.
 - c). Household Typewriter purchased on 01-01-2014 for Rs.25000 was sold for Rs.17000 on 20-11-2017.
 - d). Machinery purchased on 01-01-2009 for 50000 is sold for Rs.20000 on 10-03-2018. the WDV of the machinery as on 01-04-2017 was Rs.25000.
- Compute total taxable capital gain for the AY 2018-19 (CII for 2001-02=100, 2007-08=129, 2012-13=200, 2017-18=272)

20. From the following particulars of Mr. Ramesh, compute taxable income from other sources for the AY 2018-19.

- a) Royalty from book written on tax Rs.100000. He claims deduction towards salary to clerk Rs.15000 and telephone expenses Rs.8000 paid in this connection.
- b) Income from articles published in magazines and journals Rs.15000
- c) Family pension received Rs.62000
- d) Winning from lottery Rs.42000.
- e) Rs.100000, 8% tax free commercial securities.
- f) Interest on post office cumulative time deposit Rs.2000
- g) He lives in rented house by paying rent of Rs.15000 PM, of which he has sublet 25% portion for rent of 5000 PM. He incurred Rs.5500 for repairs and Rs.4000 for municipal tax of whole house.
- h) Winning from card games Rs.18000 (Net)
- i) He invested Rs.100000 @ 8.5% on bonds of ABC Ltd.
- j) Interest on fixed deposit in a bank Rs.14000
- k) Rs.12500 interest received on securities of TCS Co.ltd

21. Mr. Mukesh is (age 54 years) a CA has provided following receipts and payments a/c for the year ended 31-03-2018.

Receipts	Rs	Payments	Rs
To Audit fees	150000	By Office expenses	20000
To Appellate tribunal appearance	55000	By Household expenses	90000
To Presents from clients	75000	By Salaries and wages	35000
To Rent from house property	100000	By Purchase of car	300000
To Interest on securities	15000	By Travelling expenses	25000
To Miscellaneous income	75000	By Donation to NDF	30000
To Winnings from horse race (gross)	20000	By Subscription to CA institute	10000
To Financial consultancy service	150000	By LIC premium	35000
	-	By Printing charges	5000
	-	By Medical insurance premium	20000
	-	By Purchase of books	25000
	-	By Stipends to trainees	45000
Total	640000	Total	640000

Other Information:

- Depreciation on car @ 15% and Books @ 60%.
 - Rs.43000 gift received from clients but not included in above a/c.
 - Medical insurance premium paid through cheque.
 - Mr. Mukesh has paid tuition fees for his son during the year Rs.75000.
 - Salary received as a part time lecturer in an institution Rs.70000.
- Compute total taxable income and tax liability for the AY 2018-19.