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VI Semester B.Com. Examination, May/June 2014  
(Semester Scheme) (Fresh) (2013-14 Only)

Commerce

Paper – 6.2 : INCOME TAX – II

Time : 3 Hours

Max. Marks : 100

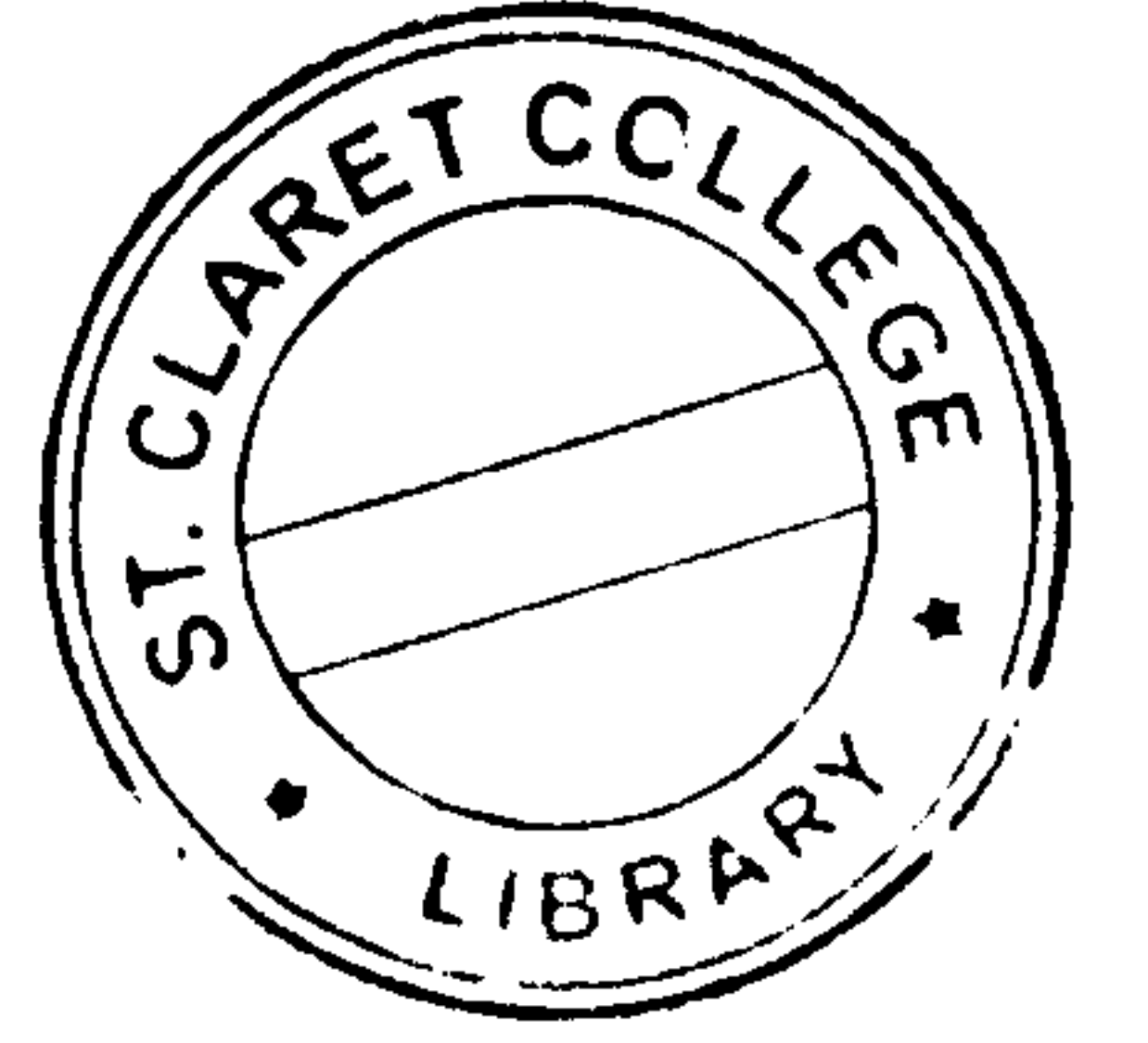
**Instruction :** Answer should be written *either in Kannada or in English.*

SECTION – A

Answer **any 8** sub-questions. **Each** sub-question carries **2** marks :

(2×8=16)

1. a) What do you mean by profession ?
- b) Give the meaning of inter head set-off.
- c) Define capital assets.
- d) Mention any two types of assessment.
- e) Give the meaning of gross total income and total income.
- f) Expand PAN and CBDT.
- g) What is casual income ?
- h) How do you calculate indexed cost of improvement ?
- i) State any four incomes which are taxable under the head "income from other sources".
- j) List any 4 items deductible under 80 C.





## SECTION – B

Answer **any three** questions. **Each** carries **eight** marks :

**(3×8=24)**

2. Briefly explain the powers and functions of commissioner of Income Tax.
3. Mr. Shivaram purchased house in the year 1985-86 for Rs. 1,20,000. He incurred Rs. 20,000 for improvement in the year 2002-03. He sold the house for Rs. 52,58,800 in Oct. 2012 and incurred Rs. 15,000 as brokerage on sale. He bought a new house on 15-1-2013 for Rs. 5,00,000. (CII-1985-86 – 133, 2002-03 – 447, 2012-13 – 852).  
Compute capital gain for the A.Y. 2013-2014.
4. From the following information compute income from other sources of Smt. Kavya for the A.Y. 2013-2014.

	<b>Rs.</b>
a) Winning from lottery (net)	1,40,000
b) Interest on fixed deposits	14,500
c) Interest on securities of X Ltd. (net)	27,000
d) Interim dividend from T.T.Co. Ltd.	10,000
e) Income from agricultural land in Sri Lanka	15,000
f) Winning from Horse Race (net)	70,000
g) Received from royalty	50,000

5. Dr. Chethan has provided the following information for the year ending 31-3-2013. Compute taxable income from profession for the assessment year 2013-14.

	<b>Rs.</b>
<b>Receipts :</b> Visiting fees	2,50,000
Consultation fees	1,20,000
Gift from patients	45,000
Sale of medicines	65,000
Operation theatre fees	75,000
Dividend received	5,000

<b>Payments:</b> Salary to staff	1,20,000
Clinic rent	36,000
Purchase of medicines	70,000
Professional books (annual)	20,000
Car expenses (½ personal)	5,000
Donation	6,000
Life insurance premium	2,500

6. Kishore gives the following information of his income for the P.Y. 2012-13.  
 Compute total taxable income for the A.Y. 2013-14.

	<b>Rs.</b>
i) Rent received p.m.	9,000
ii) Income from business (computed)	2,00,000
iii) Income from salary (computed)	4,10,000
iv) Income from other sources	1,02,000
He makes payments towards :	

	<b>Rs.</b>
a) Life insurance premium	25,000
b) Donation to P.M. Relief Fund	15,000
c) Int. on education loan on his son	8,500
d) Medical insurance premium on his health	12,000



**Other information :**

- 1) Advertisement includes the cost of sign board Rs. 2,500
- 2) Motor car expenses includes Rs. 5,500 as motor car expenses of private use
- 3) Repairs includes Rs. 2,750 of residential house
- 4) Allowable depreciation Rs. 18,000
- 5) Other expenses includes Rs. 2,000 related to house hold expenses.

8. From the following Receipts and Payments Accounts of. Abhigna for the year ending 31-3-2013. Chartered Accountant Mumbai. Compute income from profession for the A.Y. 2013-14.

	Rs.		Rs.
To Opening balance	1,20,000	By Office rent	82,500
" Audit fees	5,12,000	" Salaries to staff	1,84,000
" Tax consultation fees	2,20,000	" Institute membership fees	28,000
" Arbitration fees	45,000	" Subscription to journal	6,000
" Financial consultancy service	1,50,000	" Professional books (annual)	12,000
" Presentation from clients	1,28,000	" Car expenses	22,500
" Rent from house property	1,80,000	" Purchase of car	6,00,000
" Dividend from X Ltd.	16,000	" Computers purchased	1,20,000
" Accounting work	1,35,000	" Income tax	20,000
" Lottery income	50,000	" Interest on loan	30,000
		" House hold Exp.	12,000
		" Bal. c/d	4,39,000
	<b>15,56,000</b>		<b>15,56,000</b>

**Additional information :**

- 1) Half of the car services used for private use
  - 2) Office rent includes 12,500 rent paid to residential house
  - 3) 25% of the loan taken for private purpose
  - 4) Depreciation allowable :
    - a) car 15%
    - b) books 100%
    - c) computers 60%
  - 5) Out of presentations Rs. 28,000 received from her friends.
9. Smt. Megha provided the following information about the sales of the properties during the year ending 2012-13 :
- i) Residential house at Bangalore which was inherited by her father in 1980. FMV on 1-4-1981 was 1,50,000, (CII – 100). The cost of improvement made during the year 1987-88 was Rs. 25,000. (CII – 1987-88 – 150) She sold this house for Rs. 50,00,000 and incurred the expenses of transfer Rs. 45,000 on 12-01-2013. She purchase another house on 2-2-13 for Rs. 5,00,000.
  - ii) Jewellery costing Rs. 2,50,000 was sold for Rs. 4,75,000 in May 2012 which she has acquired in June 2008 (CII-582).
  - iii) Agricultural land in Hassan purchased in 1988-89 for Rs. 1,75,000 (CII – 1988-89 – 161) has been sold for Rs. 45,00,000 on 1-9-2012 (CII – 852) paid brokerage Rs. 25,000. She purchased another agricultural land in Hassan for Rs. 5,00,000 on 10-10-2012.



iv) House hold furniture purchased on 1-1-2001 for Rs. 75,000 was sold for Rs. 1,00,000 in March 2013.

v) Machinery W.D.V. 1-4-2012 was Rs. 1,82,000 was sold on 12-12-2012 for Rs. 1,50,000.

Compute her income under the head “Capital gain” for the A.Y. – 2013-14.

10. Mr. Raghu submit the following particulars of income from other sources for the year ended 31-3-2013 :

- i) Family pensions from Govt. of Karnataka Rs. 1,20,000
- ii) Interest on Post Office S.B. A/c. Rs. 3,000
- iii) Interest on 90,000, 10% debentures (listed) of T.M. Ltd. Co.
- iv) Winning from lottery (net) Rs. 2,80,000
- v) He lives in a rented house paying a rent of Rs. 6,000 p.m. He has sub-let  $\frac{1}{2}$  of the portion for a rent of Rs. 4,500 p.m. of this house.
- vi) Dividend from Tata Co. Ltd. Rs. 9,100 (net) and paid Rs. 250 for collecting dividend.
- vii) Royalty from books writtens Rs. 58,000 and he incurred Rs. 1,800 towards stationary and others
- viii) Interest on loan given to friends Rs. 9,000
- ix) Remunerations from article published in a Journal Rs. 2,800
- x) Cash worth Rs. 10,00,000 was found in a bank locker and sources of which are not known
- xi) Interest on fixed deposits in a bank Rs. 22,000 (gross).



11. From the following informations of Sri. K. N. Das (Resident) compute total income and taxability for the A.Y. 2013-14.

	<b>Rs.</b>
a) Income from business (computed)	3,25,000
b) Income from salary	8,75,000
c) Rent from house property (Municipal tax Rs. 1,200)	1,20,000
d) Income from Royalty	75,000
e) Life insurance premium paid	22,000
f) Contribution to PPF	15,000
g) Donation to PM Relief Fund	25,000
h) Medical Insurance Premium paid on his health	14,000
i) Interest on educations loan on his daughter	13,500