

VI Semester B.Com. Examination, May/June 2018
(CBCS) (2017 – 18 and Onwards) (Fresh)
COMMERCE

Paper – 6.5 : Elective Paper – III : Business Taxation

Time : 3 Hours

Max. Marks : 70

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

SECTION – A

1. Answer any five sub-questions. Each sub-question carries two marks. (2×5=10)
- What is assurable value in customs ?
 - Mention any two objectives of CST Act 1956.
 - Define Goods.
 - Expand – NCCD and CBEC.
 - Mention any two features of partnership firm.
 - State any two examples of disallowed expenses in case of firm in computing its taxable profit.
 - What is a widely held company ?

SECTION – B

Answer any three questions. Each question carries six marks. (6×3=18)

- What are the various types of customs duty ?
- Compute taxable turnover and CST payable by Mr. Shiva carrying on business in Bengaluru for the Financial Year 2016 – 17. Turnover for the year is Rs. 4,00,000 (inclusive of CST) which included the following :

	Rs.
Trade discount	24,000
Installation charges (Shown Separately)	12,500
Freight and insurance recovered separately in invoice	30,000
Goods returned within 6 months of sales (inclusive CST)	20,000

Invoice No. 4007, applicable tax rate in 16%. Insurance was made at the request of the buyer.

P.T.O.



4. State whether the following are admissible or inadmissible expenses under the provisions of Income Tax Act.
- Discount allowed.
 - Annual listing fees paid towards stock exchange by a company.
 - LIC premium on director and his family members life.
 - Payment of licence fees for obtaining franchise.
 - Depreciation of Rs. 40,000 is debited to P/L A/c of Sri Ganesha Temple which was constructed inside the factory premises for the benefit of employees of the company.
 - Interest on loan taken to pay income tax.

5. Calculate allowable remuneration to the working partners. Net profit as per P/L A/c Rs. 1,35,000 after debiting the following items.

	Rs.
Salary to partners	1,25,000
Commission to partners	1,00,000
Bonus to partners	25,000

6. A block of asset consist of 5 machines. The WDV of machinery as on 1-4-2016 is Rs. 1,80,000. Rate of depreciation is 15%. A new machine costing Rs. 1,60,000 was acquired in May 2016 but actually put to use only on 10-10-2016. Two old machines are also sold for Rs. 3,20,000 in December 2016.
Determine amount of depreciation for the A.Y. 2017-18.

SECTION - C

Answer any three questions. Each question carries 14 marks. (14×3=42)

7. A consignment is imported by Air. CIF price is 2500 US dollars. Air freight is 600 US dollars and insurance cost is 75 US dollars. Exchange rate announced by CBE & C as per customs notification is 1 US dollar = Rs. 65. Basic custom duty payable is 10%. Education cess is applicable. IGST at the rate of 18%. Find the value for customs purpose and total customs duty payable.



8. Profit and Loss Account of Vijayalakshmi Company (a partnership firm) for the year ending 31-3-2017 is as follows :

Particulars	Amount	Particulars	Amount
Cost of Goods Sold	10,00,000	Sales	18,00,000
Remuneration to partners	4,49,000	Rent from house	
Interest to partners		property	60,000
at 18% p.a.	60,000	Dividend	1,70,000
Municipal tax of house property	25,000		
Other expenses	2,36,000		
Net profit	2,60,000		
	20,30,000		20,30,000

Other Information :

- a) Out of other expenses Rs. 18,400 is not deductible U/S 36, 38(1) and 43B.
- b) On 15-1-2017 the firm pay an outstanding sales tax liability of Rs. 54,700 of the previous year 2015 - 16. As this amount pertain to the previous year 2015-16, it has not been debited to the aforesaid Profit and Loss Account.

Calculate Book-Profit, Business Income and Gross Total Income.

9. The following Profit and Loss Account of PQR Ltd. for the financial year ending 2016 - 17. Compute its total income.

Particulars	Amount	Particulars	Amount
To provision for tax	1,50,000	By Gross Profit	6,50,000
" Rent and Taxes	15,000	" Profit on sale of	
" Fire Insurance	8,500	machinery	18,000
" Establishment expenses	1,35,000	" Interest on securities	12,500
" Depreciation	30,000	" Dividend received	
" Donation and Charity	3,500	from Indian company	50,000



" General Expenses	32,500	
" Reserve for doubtful debts	5,500	
" Entertainment	7,500	
" Net profit	3,43,000	
	7,30,500	7,30,500

Additional Information :

- The allowable depreciation as per IT Act Rs. 20,000.
 - Machinery were purchased in August 2015 and sold in March 2017.
 - Donations and Charities are paid to a Recognized Charitable Institution.
10. Veena and Lakshmi are partners sharing profit and losses equally. The following is the Profit and Loss A/c for the year ending 31-3-2017.

Particulars	Amount	Particulars	Amount
Office Expenses	1,50,000	Receipts from clients	5,30,000
Salary to employees	40,000	Interest recovered	
Income tax	20,000	from Veena and	
Salary to Veena	1,20,000	Lakshmi drawings	2,500
Salary to Lakshmi	1,32,000	Interest from Govt.	
Interest on capital		Securities	2,85,000
Veena @ 15%	7,500	STCG	1,00,000
Interest on capital			
Lakshmi @ 15%	10,000		
Net profit	4,38,000		
	9,17,500		9,17,500



Additional Information :

- a) Out of office expenses Rs. 12,500 is not deductible by virtue of Section 30 to 37.
- b) During the year the firm sells a capital asset for Rs. 5,00,000 (indexed cost of acquisition being Rs. 1,00,000)

Find out the net income and tax liability of the firm for the Assessment Year (A.Y.) 2017 - 18.

11. Following is the Profit and Loss Account of Sri Lakshmi Narayan Ltd. an Indian company for the year ending 31-3-2017.

Particulars	Amount	Particulars	Amount
Salaries and wages	7,50,000	Gross Profit	25,00,000
Advertisement Expenses	1,50,000		
Insurance	2,50,000		
Audit fees	50,000		
Depreciation	1,00,000		
Income tax	30,000		
Transfer to General reserve	40,000		
Office expenses	15,000		
Losses of subsidy company	25,000		
Net profit	10,90,000		
	25,00,000		25,00,000

Additional Information :

- a) Brought forward loss as per books of accounts is Rs. 1,25,000 and as per income tax is Rs. 1,50,000.
- b) Unabsorbed depreciation as per books of accounts amount to Rs. 25,000 and as per income tax is Rs. 75,000.

Calculate :

- 1) Total income of the company under normal provision.
- 2) Book-profit and tax liability as per Section 115JB.
- 3) Tax liability of the company.