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BCMCMC 317

Credit Based V Semester B.Com. Degree Examination, April 2021
(Common to all Batches) (Semester Scheme)
COMMERCE
Business Taxation – III (Elective)

Time : 3 Hours

Max. Marks : 120

Instruction : Provide working notes *wherever* necessary.

SECTION – A

Answer **any four** of the following :

(4×6=24)

1. Write an explanatory note on Section 80P.
2. State the provisions of Section 80U.
3. From the following particulars furnished by Mr. Raghava compute the deduction under Section 80C.

Rs.

i) Life insurance premium on own life	22,600
ii) Life insurance premium on the life of wife's life	17,400
iii) Life insurance premium on the life of married daughter	30,000
iv) Contribution to public provident fund	80,000
v) Contribution to unrecognised provident fund	12,000
vi) Interest accrued on NSC	7,480
vii) Repayment of housing loan to LIC	26,000
viii) Contribution to Unit Linked Insurance Plan	20,000

4. The total income of Sri Anil Bhatia aged 58 years is Rs. 10,50,000. It includes long term capital gain of Rs. 1,50,000, Short term capital gain U/S 111 A Rs. 1,00,000 and winning from cross word puzzles Rs. 50,000. Find out his tax liability for the assessment year 2020-21.

P.T.O.



5. South Canara Consumer Co-operative Society Ltd., Mangalore submits the following particulars of income for the P.Y. 2019-20 :

- a) Income from marketing of agricultural produce of its members Rs. 50,000
- b) Profit from other business Rs. 1,60,000
- c) Rent received from letting of warehouse Rs. 60,000
- d) Long term capital gain Rs. 30,000.

Compute the total income and tax liability of the South Canara Consumer Co-operative Society.

6. Sneha and Neha are equal partners in a firm. The Profit and Loss Account of the firm for the year ended 31st March 2020 is given below :

Profit and Loss Account			
Particulars	Amount (Rs.)	Particulars	Amount (Rs.)
Interest on capital @20% :		Dividend	5,000
Sneha	6,000		
Neha	4,000		
Commission to Neha	3,000	Interest on drawings by Sneha	2,000
Salary to Sneha	6,000	Net loss	50,000
Rent paid to Neha	10,000		
Office expenses	28,000		
	57,000		57,000

Compute the Book Profit/Loss of the firm.

SECTION – B

Answer **any four** of the following :

(4×12=48)

7. Explain the provisions relating to Section 80G.
8. Shri Jagadish Prakash's gross total income for the previous year ending on 31st March, 2020 is Rs. 40,15,000. He donated the following amounts :
 - a) Prime Ministers National Relief Fund Rs. 1 lakh
 - b) National Children's fund Rs. 2 lakh
 - c) Rs. 2,00,000 for repairs of a temple of public worship so notified.



- d) Rs. 1,00,000 to a local college for construction of class rooms.
- e) Rs. 20,000 given as aid to a poor student.
- f) Rs. 1 lakh to Municipality.
- g) Rs. 50,000 to U.P. Government for family planning.

He deposited Rs. 15,000 in PPF. He paid medical insurance premium Rs. 30,000. He incurred Rs. 25,000 for the treatment of physically handicapped brother. Determine his total income for the assessment year 2020-21.

9. Kwality Electronics Ltd. is a domestic company in which public are substantially interested. The following are the particulars of income in respect of the previous 2019-20 :

	Rs.
i) Interest on Govt. securities	20,000
ii) Income from business	5,00,000
iii) Short-term capital gains	15,000
iv) Long-term capital gains	33,000
v) Dividend from an Indian Co. (gross)	10,000
vi) Dividend from a Foreign Co.	10,000
vii) Book profits U/S 115-JB	9,00,000

Compute company's total income and its tax liability.

10. Compute the income of the firm from business in the following cases assuming that the condition under Section 184 and 40(b) are fulfilled :
- a) Book Loss Rs. 80,000, Remuneration paid to working partners Rs. 2,00,000
 - b) Book Loss Rs. 1,60,000, Remuneration to working partners Rs. 2,50,000
 - c) Book Profit Rs. 1,80,000, Remuneration to working partners Rs. 1,50,000
 - d) Book Profit Rs. 6,00,000, Remuneration to working partners Rs. 4,10,000
11. South Canara Weavers Co-operative Society Udupi, provides the following details of its income :
- a) Income from weaving with the aid of power Rs. 70,000
 - b) Income from collective disposal of labour of its members Rs. 17,000
 - c) Interest from co-operative society Rs. 32,000



- d) Income from other business Rs. 70,000
 - e) Interest of deposits with central co-operative bank Rs. 18,000
 - f) Income from house property Rs. 75,000
 - g) Dividend from shares of Bank of Baroda Rs. 15,000
 - h) Long term capital gain Rs. 22,000
 - i) Donation to PM Drought Relief Fund Rs. 5,000 ; To Municipality for School building Rs. 10,000.
- Compute the Total income and Tax liability.

12. Mr. Vedanth submits the following information relating to his income for the P.Y. ended 31st March 2020 :

- a) Income from Salary Rs. 6,50,000
- b) Income from house property A Rs. 60,000
- c) Loss from house property B Rs. 68,000
- d) Income from interest on securities Rs. 20,000
- e) Loss from hardware business Rs. 20,000
- f) Profit from grocery business Rs. 10,000
- g) Profit from speculation business Rs. 25,000
- h) Loss from short term capital asset Rs. 6,000
- i) Long term capital loss Rs. 25,000
- j) Long term capital gain Rs. 21,000
- k) Income from lottery Rs. 70,000(net)

Compute Gross Total Income.

SECTION – C

Answer **any two** of the following :

(2×24=48)

13. Shri Hari aged 50 years submits the following information related to his incomes for the A.Y. 2020-2021 :

- 1) Profit from business Rs. 3,00,000.
- 2) Rent from house property Rs. 80,000 p.a., interest on housing loan Rs. 40,000
- 3) Interest on savings bank deposits Rs. 8,000



- 4) Long term capital gains Rs. 60,000
- 5) Short term capital gain U/S 111 A Rs, 40,000
- 6) Interest on Fixed deposit Rs. 20,000
- 7) Income from units of Mutual Fund Rs. 6,000
- 8) Interest on capital from a firm Rs. 18,000
- 9) Income from lottery Rs. 60,000 (gross).

During the year he made the following payments :

- i) Medical insurance premium paid on the health of self and family Rs. 28,500
- ii) Interest on education loan Rs. 20,000
- iii) Tuition fees of his daughter Rs. 15,000
- iv) Life insurance premium Rs. 30,000
- v) Rs 40,000 for the treatment of his mother aged 69 years suffering from specified disease. Rs. 20,000 reimbursed by insurance company.

During the year he made the following donations:

- i) Swaccha Bharat Kosh Rs. 10,000
- ii) Clean Ganga Fund Rs. 11,000
- iii) Prime Ministers National Drought Relief Fund Rs. 12,000
- iv) Donation to Govt. for family planning Rs. 15,000
- v) Donation to recognized political party Rs. 20,000

Compute the total income and tax liability of Shri Hari for the P.Y. 2019-20.

14. X, Y and Z are three equal in a firm of which Z is a sleeping partner. The firm's P and L A/c for the year ended 31st March, 2020 is given below :

P and L A/c for the year ended 31st March, 2020

Particulars	Rs.	Particulars	Rs.
Office rent	24,000	Gross profit	4,00,000
Office expenses	30,000	Discount	12,000
Salaries	1,00,000	Bad debts recovered	18,000
Advertisement	15,000	Commission	6,000
GST	20,000	Long term capital gain	4,000



Reserve for GST	6,000	Interest on drawings by Z	10,000
Donation to Rajiv Gandhi Foundation	12,000		
Bad debts reserve	11,000		
Sundry expenses	25,000		
Depreciation	22,000		
Interest on capital @25% :			
X	50,000		
Y	30,000		
Z	<u>20,000</u>	1,00,000	
Commission :			
X	18,000		
Y	12,000		
Z	<u>10,000</u>	40,000	
Net profit		45,000	
		4,50,000	4,50,000

Additional information :

- a) Salaries include partners salaries : X Rs. 25,000, Y Rs. 20,000
- b) Actual depreciation amounted to Rs. 20,000
- c) Bad debts recovered include Rs. 8,000 being disallowed earlier
- d) Furniture purchased for personal use is included in sundry expenses Rs. 2,500
- e) Office expenses include bonus to partners : X Rs. 5,000, Y Rs. 3,000 Z Rs. 2,000.

Compute book profit and firm's total income and share of income partner from firm taxable under Section 28 for the relevant A.Y. The firm fulfills the conditions under Section 184.

15. The following is the P/L A/c of Bee Co. Ltd. for the year ended 31st March, 2020 :

Particulars	Rs.	Particulars	Rs.
Purchases	4,95,000	Sales	39,00,000
Entertainment expenses	30,000	Amount withdrawn from General Reserve	2,00,000
Traveling expenses	50,000	Rent from let out property	1,00,000
Depreciation	6,50,000	Commission	1,500



Income tax	4,10,000	
Customs duty due	23,000	
Provision for unascertained liability	80,000	
Tax consultation fee	25,000	
Contribution to staff welfare fund	15,000	
Loss from subsidiary Company	42,000	
Salary to Managing Director	1,80,000	
Municipal tax on let out property	15,000	
Net Profit	21,86,500	
	42,01,500	42,01,500

Additional information :

- The Co. has LTCG of Rs. 1,00,000 which is not credited to P and L A/c
- Dep. allowable U/S 32 Rs. 62,00,000
- Out of custom duty due Rs. 10,000 remained unpaid till the last date of filling returns.
- GST paid Rs. 50,000 was not debited to Profit and Loss Account.
- The Co. wants to set off the following :

	For tax purpose Rs.	For accounting purpose Rs.
B/Fd Loss of Previous year	9,50,000	11,50,000
Unabsorbed Depreciation	11,00,000	3,40,000

- The purchases include one bill for Rs. 30,000 paid in cash.

You are required to compute : Book Profit under Section 115 JB, Total Income and Tax liability of Bee Company.

16. Compute the Taxable Total Income and tax liability of Mahajan Company Ltd. for the A.Y. 2020-21 from the following information provided to you:

Profit and Loss Account

Particulars	Rs.	Particulars	Rs.
Salaries	1,25,000	Gross Profit	6,00,000
Rent and taxes	13,750	Profit on sale of investments	18,500
Fire insurance premium	8,500	Interest on Government securities	12,000



Entertainment expenses	7,200	Rent received	40,000
General expenses	39,250	Dividend from Indian Company	10,000
Donations	3,750		
Depreciation	30,000		
Provision for taxation	1,55,000		
Net profit	2,98,050		
	6,80,500		6,80,500

Additional information :

- 1) Admissible depreciation Rs. 25,000
 - 2) Donation given is to a recognised charitable institution.
 - 3) General expenses include a sum of Rs. 14,000 towards NSC, a sum of Rs. 4,800 and Rs. 800 paid towards municipal tax and insurance on property let out respectively.
 - 4) Investments (Govt. securities) were purchased in July 2019 and sold in March 2020.
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