

Reg. No.

--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--

BCMCMC 317



**Credit Based V Semester B.Com. Degree Examination, Oct./Nov. 2016
(2016-17 Batch Onwards) (Semester Scheme)**

COMMERCE

Business Taxation – III (Elective)

Time : 3 Hours

Max. Marks : 120

Instruction : Provide working note wherever necessary.

SECTION – A

Answer **any four** of the following questions.

(4×6=24)

1. Write an explanatory note on deduction under Section 80 DD.
2. Write short notes on Section 80TTA and 80U.
3. State how the following amounts received from the firm are treated in the assessment of the partners :
 - a) Interest received from the firm.
 - b) Remuneration received from the firm.
4. The total income of Sri Vasudev (aged 82 years) is Rs. 1,02,50,000. It includes long term capital gain of Rs. 2,50,000. Short term capital gains u/s 111A is Rs. 1,50,000 and winnings from crossword puzzles Rs. 25,000. Find out his tax liability.
5. The gross total income of Rahul amounted to Rs. 8,32,000 which includes long term capital gains of Rs. 2,00,000, accrued interest on NSC Rs. 40,000 and he donated Rs. 32,000 to PMNRF; paid Rs. 32,000 towards medical insurance premium including preventive medical bill of Rs. 7,000. He paid a rent of Rs. 6,000 p.m. for the house. Assuming that the conditions for allowing deduction U/S 80GG are satisfied, compute the total income.

P.T.O.



6. Mr. Raman has gross total income Rs. 5,00,000 (including Rs. 1,50,000 long term capital gain). During the year he made the following payments.

Medical insurance premium Rs. 30,000

Donation to National Sports fund Rs. 15,000

Amount paid to Govt. for promotion of family planning Rs. 20,000

Expenses incurred for the treatment of his physically handicapped brother Rs. 75,000.

(Amount received from insurance company Rs. 20,000)

Compute his total income and tax payable for the assessment year 2016-17.

SECTION – B

Answer **any four** of the following questions :

(4×12=48)

7. Explain the provisions relating to deductions u/s 80P.
8. Explain the provisions relating to 115 JB relating to Minimum Alternate Tax.
9. Mr. Samanth, a reputed vocalist who is partially blind furnishes the following details :
 - a) Salary paid to his assistant (helping him in his profession) Rs. 18,000.
 - b) Medical bill for voice culturing Rs. 7,500.
 - c) Cost of musical instruments Rs. 45,000.
 - d) Gross receipts for the year Rs. 9,00,000.
 - e) Tuition fees received from music classes Rs. 45,000.
 - f) Payment to supporting artists Rs. 1,20,000.
 - g) Travelling expenses Rs. 75,000.
 - h) Interest on housing loan taken Rs. 60,000.
 - i) LIC premium paid Rs. 36,000.
 - j) NSC purchased Rs. 60,000.
 - k) Medical insurance premium paid Rs. 18,000.
 - l) Donations to Govt. Music Academy Rs. 7,500.

Compute Total Income and Tax Liability for the assessment year 2016-17.



10. Mr. Vihan Pai furnishes the following particulars of his income and losses for the year.

	Rs.
Salary income	4,00,000
Interest on self-occupied housing loan	45,000
Short term capital gains	40,000
Long term capital gains	55,000
Long term capital loss	1,00,000
Business income (speculation)	80,000
Business loss	2,15,000
Bank interest	25,000
Winnings from horse race (net)	35,000
Loss from buffalo race	5,000

Compute Gross Total Income.

11. A, B and C are partners in a firm with equal shares. The profit and loss account of the firm for the year ended 31-3-2016 is as under :

		Rs.			Rs.
Interest on capital at 18%			Gross profit b/d		27,000
A	24,000		Net Loss : A		3,75,000
B	21,000		B		3,75,000
C	<u>27,000</u>	72,000	C		3,75,000
Salary : A	3,60,000				
B	3,60,000				
C	<u>3,60,000</u>	10,80,000			
		11,52,000			11,52,000

Compute book profit and the total income of the firm for the assessment year 2016-17. The firm fulfils the conditions of Sec. 184.

12. Mr. Krishna has made the following donations during the previous year 2015-16 :

	Rs.
National Children's Fund	2,00,000
National Blood Transfusion Council	3,00,000
Mysore University	5,00,000
An approved charitable institution	2,50,000
Repairs to Notified Gurudwara	1,20,000
Help to poor student	35,000



6. Mr. Raman has gross total income Rs. 5,00,000 (including Rs. 1,50,000 long term capital gain). During the year he made the following payments.

Medical insurance premium Rs. 30,000

Donation to National Sports fund Rs. 15,000

Amount paid to Govt. for promotion of family planning Rs. 20,000

Expenses incurred for the treatment of his physically handicapped brother Rs. 75,000.

(Amount received from insurance company Rs. 20,000)

Compute his total income and tax payable for the assessment year 2016-17.

SECTION – B

Answer **any four** of the following questions :

(4×12=48)

7. Explain the provisions relating to deductions u/s 80P.
 8. Explain the provisions relating to 115 JB relating to Minimum Alternate Tax.
 9. Mr. Samanth, a reputed vocalist who is partially blind furnishes the following details :
 - a) Salary paid to his assistant (helping him in his profession) Rs. 18,000.
 - b) Medical bill for voice culturing Rs. 7,500.
 - c) Cost of musical instruments Rs. 45,000.
 - d) Gross receipts for the year Rs. 9,00,000.
 - e) Tuition fees received from music classes Rs. 45,000.
 - f) Payment to supporting artists Rs. 1,20,000.
 - g) Travelling expenses Rs. 75,000.
 - h) Interest on housing loan taken Rs. 60,000.
 - i) LIC premium paid Rs. 36,000.
 - j) NSC purchased Rs. 60,000.
 - k) Medical insurance premium paid Rs. 18,000.
 - l) Donations to Govt. Music Academy Rs. 7,500.
- Compute Total Income and Tax Liability for the assessment year 2016-17.



10. Mr. Vihan Pai furnishes the following particulars of his income and losses for the year.

	Rs.
Salary income	4,00,000
Interest on self-occupied housing loan	45,000
Short term capital gains	40,000
Long term capital gains	55,000
Long term capital loss	1,00,000
Business income (speculation)	80,000
Business loss	2,15,000
Bank interest	25,000
Winnings from horse race (net)	35,000
Loss from buffalo race	5,000

Compute Gross Total Income.

11. A, B and C are partners in a firm with equal shares. The profit and loss account of the firm for the year ended 31-3-2016 is as under :

		Rs.			Rs.
Interest on capital at 18%			Gross profit b/d		27,000
A	24,000		Net Loss : A		3,75,000
B	21,000		B		3,75,000
C	<u>27,000</u>	72,000	C		3,75,000
Salary : A	3,60,000				
B	3,60,000				
C	<u>3,60,000</u>	10,80,000			
		11,52,000			11,52,000

Compute book profit and the total income of the firm for the assessment year 2016-17. The firm fulfils the conditions of Sec. 184.

12. Mr. Krishna has made the following donations during the previous year 2015-16 :

	Rs.
National Children's Fund	2,00,000
National Blood Transfusion Council	3,00,000
Mysore University	5,00,000
An approved charitable institution	2,50,000
Repairs to Notified Gurudwara	1,20,000
Help to poor student	35,000



Books donated to approved college	57,500
Congress I party	55,000
Municipality for Family planning	80,000

His gross total income amounted to Rs. 62 lakhs. This included long term capital gain Rs. 2 lakhs. During the year he paid Rs. 48,000 (principal amount Rs. 30,000) towards the education loan. Compute total income.

SECTION – C

Answer **any two** of the following questions.

(2×24=48)

13. Nithin, Keerthan and Omkar are partners in a firm. Nithin is a non-working partner. They share profits and losses equally. Their profit and loss account for the year is given below.

	Rs.		Rs.
To Office expenses	15,000	By Gross Profit	5,00,000
To Rent	30,000	By Dividend from Indian Co.	15,000
To Salaries	1,00,000	By Rent from house property	13,000
To Donations	10,000	By Interest on Govt. securities	2,000
To Advertisement	15,000		
To R.B.D.	10,000		
To Sundry expenses	30,000		
To Bad debts	10,000		
To Depreciation reserve	20,000		
To Interest on capital :			
Nithin	50,000		
Keerthan	30,000		
Omkar	20,000		
To Commission :			
Nithin	10,000		
Keerthan	7,500		
Omkar	2,500		
To Bonus :			
Nithin	7,500		
Keerthan	7,500		
To Net profit	1,55,000		
	5,30,000		5,30,000



15. The following particulars are furnished by Nexus Company Limited.

Trading and Profit and Loss A/c for the year ending 31-3-2016

	Rs.		Rs.
To Purchases	6,50,000	By Sales	77,72,000
To Entertainment expenses	70,000	By Amount withdrawn from	
To Travelling expenses	1,40,000	general reserve	6,00,000
To Depreciation	16,00,000	By Long term capital gains	2,40,000
To Income tax	7,90,000	By Sundry income	10,000
To Outstanding sales tax	60,000	By Profit on sale of motor car	50,000
To Provision for		By Interest on Tax-free Govt.	
unascertained liability	1,20,000	Securities	40,000
To Proposed Dividend	3,60,000		
To Tax consultation fees	40,000		
To Provision for loss of			
Subsidiary Co.	90,000		
To Salaries	4,00,000		
To Sundry expenses	3,00,000		
To Net profit	40,92,000		
	87,12,000		87,12,000

Additional information :

- 1) Value of plant and machinery (excluding car) as on 1-4-2015 was Rs. 1,20,00,000 and building Rs. 20,00,000, depreciation allowable is 15% on plant and machinery and 10% on building.
- 2) Excise duty of 2013-14 paid during the year Rs. 1,30,000 was not included in the account.
- 3) Sundry expenses include an item of Rs. 80,000 in cash.
- 4) Out of outstanding amount of sales tax Rs. 50,000 was paid before due date of filing returns.
- 5) Unabsorbed business loss brought forward is Rs. 12,00,000 income tax purpose and Rs. 9,00,000 for accounting purposes.
- 6) Unabsorbed depreciation brought forward is Rs. 6,00,000 for accounting purposes.
- 7) Motor car was sold during the year for Rs. 2,80,000. Its written down value on 1-4-2015 was Rs. 2,30,000 .

Compute :

- i) Total income of the company.
- ii) Book-profit u/s 115 JB and
- iii) Tax liability of the company.



15. The following particulars are furnished by Nexus Company Limited.

Trading and Profit and Loss A/c for the year ending 31-3-2016

	Rs.		Rs.
To Purchases	6,50,000	By Sales	77,72,000
To Entertainment expenses	70,000	By Amount withdrawn from	
To Travelling expenses	1,40,000	general reserve	6,00,000
To Depreciation	16,00,000	By Long term capital gains	2,40,000
To Income tax	7,90,000	By Sundry income	10,000
To Outstanding sales tax	60,000	By Profit on sale of motor car	50,000
To Provision for unascertained liability	1,20,000	By Interest on Tax-free Govt. Securities	40,000
To Proposed Dividend	3,60,000		
To Tax consultation fees	40,000		
To Provision for loss of Subsidiary Co.	90,000		
To Salaries	4,00,000		
To Sundry expenses	3,00,000		
To Net profit	40,92,000		
	87,12,000		87,12,000

Additional information :

- 1) Value of plant and machinery (excluding car) as on 1-4-2015 was Rs. 1,20,00,000 and building Rs. 20,00,000, depreciation allowable is 15% on plant and machinery and 10% on building.
- 2) Excise duty of 2013-14 paid during the year Rs. 1,30,000 was not included in the account.
- 3) Sundry expenses include an item of Rs. 80,000 in cash.
- 4) Out of outstanding amount of sales tax Rs. 50,000 was paid before due date of filing returns.
- 5) Unabsorbed business loss brought forward is Rs. 12,00,000 income tax purpose and Rs. 9,00,000 for accounting purposes.
- 6) Unabsorbed depreciation brought forward is Rs. 6,00,000 for accounting purposes.
- 7) Motor car was sold during the year for Rs. 2,80,000. Its written down value on 1-4-2015 was Rs. 2,30,000.

Compute :

- i) Total income of the company.
- ii) Book-profit u/s 115 JB and
- iii) Tax liability of the company.



16. Given below is the P & L A/c of Pooja Limited for the year ending 31-3-2016.

	Rs.		Rs.
To Establishment charges	4,80,000	By Gross profit B/D	21,10,000
To Entertainment expenses	92,000	By Commission	40,000
To Municipal tax on commercial complex	36,000	By Dividend from Co-operative Society	18,000
To Fire insurance premium	20,000	By Long term capital gain	80,000
To Legal charges	40,000	By Refund of customs duty	44,000
To General expenses	3,60,000	By Refund of sales tax	36,000
To Interest paid	1,40,000	By Rent from commercial complex	2,40,000
To Provision for bad debts	28,000		
To Bad debts	24,000		
To Provision for depreciation	1,80,000		
To Advertising	60,000		
To Loss of Goods due to Fire	24,000		
To Provision for taxation	2,80,000		
To Sales tax paid	1,20,000		
To Reserve fund	1,00,000		
To proposed dividends	3,20,000		
To Net profit	2,64,000		
	25,68,000		25,68,000

Additional information :

- a) Establishment charges include amount paid towards National Laboratory Rs. 75,000.
- b) Legal expenses include Rs. 16,000 in connection with issue of debentures.
- c) Fire insurance includes Rs. 8,000 insurance premium paid in respect of commercial complex.
- d) General expenses include Rs. 1,60,000 paid to an approved charitable institution as donation.
- e) Interest includes Rs. 20,000 as interest on loan borrowed to pay sales tax liability.
- f) Depreciation allowable as per IT Act Rs. 1,60,000.

Compute total income and tax liability of the company for the assessment year 2016-17.