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VI Semester B.Com. (Regular)/A&F/T&T/BDA/LSCM/I&AS

Degree Examination, July/August - 2024

COMMERCE

Income Tax Law and Practice - II

(NEP CBCS Scheme Freshers)

Paper : 6.2

Time : 2½ Hours

Maximum Marks :60

Instructions to Candidates:

Answers should be written only in English.

SECTION - A

Answer any Five of the following sub questions . Each right answer carries 2 marks.
(5×2=10)

1.
 - a) Define Business.
 - b) How do you treat bad debts recovered, earlier written off?
 - c) Define Transfer.
 - d) What are Bond Washing Transactions?
 - e) Give the meaning of Set off of losses.
 - f) Name two No-Limit 50% deductible donations U/S - 80G?
 - g) What is Total Income?

SECTION - B

Answer any Four of the following questions. Each right answer carries 5 marks.
(4×5=20)

2. Mr. Surya is a chartered Accountant, gives the following Income and Expenditure Account for the year 2022-23. Compute his Income from Profession for the Assessment Year 2023-24.

Expenditure	Rs.	Income	Rs.
To Office Rent	25,000	By Audit fees	1,50,000
To Staff Salaries	60,000	By Financial Consultancy	
To Subscription to Journals	6,000	Services	30,000
To Charities	4,000	By Accountancy Charges	1,00,000
To Gift to wife	9,000	By Gift from Clients	80,000
To Drawings	10,000	By Interest on Bank deposits	20,000
To Car expenses (½ Personal)	26,000	By Dividends from UTI	10,000
To Net Income	2,50,000		
	<u>3,90,000</u>		<u>3,90,000</u>

[P.T.O.]



3. Mrs. Bhoomi sells the following assets on 10/10/2022. Compute her Capital Gains for the Assessment Year 2023-24.
- Land acquired in 1999 at a cost of Rs.10,00,000 was sold for Rs.48,00,000. Selling expenses incurred at 2%. The Fair Market Value as on 01/04/2001 is 12,00,000.
 - Goodwill of a Business self acquired in 2009 was sold for Rs.15,00,000.
The Cost of Inflation Index for 2001-02=100 and for 2022-23=331
4. Following incomes are received by Mr. Giri during the previous year 2022-23. Compute taxable income from other sources for the Assessment Year 2023-24.
- Director's Fee Rs.20,000
 - Dividend received from Co-operative Society Rs. 18,000
 - Interest on Rs.1,00,000, 9% tax-free commercial securities
 - Royalty from Books Rs.50,000 (Expenses incurred for this purpose Rs.5,000)
5. Explain the provisions of set-off and carry forward of the following losses:
- Short-term Capital Loss and Long-term Capital Loss
 - Speculative Business Loss
6. Compute Total Income from the following information:
- Gross Total Income Rs.8,00,000
 - Contribution to PPF Rs.90,000
 - Contribution to annuity plan of LIC Rs.60,000
 - NSC purchased Rs.50,000
 - Contribution to National Defence Fund Rs.40,000
 - Contribution to PM National Relief Fund Rs.20,000
 - Medical Insurance premium paid for Family Rs.30,000
 - Interest paid on Educational Loan Rs.15,000

SECTION - C

Answer any Two of the following questions. Each right answer carries 12 marks.

(2×12=24)

7. Mr. Sadhu gives you the following P&L Account for the Previous Year 2022-23. Compute his taxable business income for the Assessment Year 2023-24.

Particulars	Rs.	Particulars	Rs.
To Salaries	1,80,000	By Gross profit	10,50,000
To Rent and rates	1,20,000	By commission	1,00,000
To Establishment expenses	2,70,000	By Interest on Securities	25,000
To Provision for bad debts	5,000	By Rent from House Property	75,000



To Publicity	30,000	By Profit on sale of Shares	1,20,000
To Patents purchased	2,00,000	By share of income from HUF	80,000
To Depreciation	70,000		
To Excise duty provision	80,000		
To Donation to National Laboratory	50,000		
To Net profit	4,45,000		
	<u>14,50,000</u>		<u>14,50,000</u>

Other Information:

- Salary includes Rs.30,000 to owner's son, and Income Tax Officer pointed out Rs.5,000 is excessive.
 - Establishment expenses also included Rs.5,000 expenditure paid out of India without making T.D.S in India.
 - 40% of excise duty provision was paid before last date for filing return and the balance still unpaid.
 - Depreciation allowable as per IT provision Rs.50,000 (Excluding patents purchased).
8. From the following particulars, compute taxable capital gains of Mr. Sanyasi for the Assessment year 2023-24.

Assets	Date of Purchase	Cost Rs.	FMV on 1-4-2001 Rs.	Date of Sale	Sale Price Rs.	Selling expenses Rs.
1) House property	1-12-2006	75,000	--	1-10-2022	15,00,000	20,000
2) Personal Jewellery	1-12-1999	12,000	20,000	1-11-2022	3,80,000	4,500
3) Listed-Debentures	1-12-2020	50,000	--	1-02-2023	2,00,000	1,000
4) Urban agricultural land	1-12-1996	48,000	45,000	1-03-2023	7,50,000	--

He purchased a new agricultural land on 31-03-2022 for Rs.1,50,000. [CII: 2001-02- 100, 2006-07 -122, 2019-20-289, 2022-23 -331].

[P.T.O.]



9. Mr. Samsari submits the following particulars of income from other sources for the year ended 31-03-2023:
- a) Family pension from Govt. of Karnataka Rs.1,20,000.
 - b) Interest on Debentures Rs.3,000 (Gross).
 - c) Interest on 90,000, 10% debentures (listed) of T.M. Ltd. Co.
 - d) Winning from lottery (net) Rs.2,80,000.
 - e) 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.
 - f) Interest on loan given to friends Rs.9,000.
 - g) Remunerations from article published in a journal Rs.2,800.
 - h) Cash worth Rs.10,00,000 was found in a bank locker and sources of which are not known.

SECTION - D

Answer any One of the following questions. Which carries 6 marks.

(1×6=6)

10. List out any Six deductions available under Section 80
11. Prepare a format for computation of taxable income of an individual assessee (Old Regime)
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