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VI Semester B.Com./B.Com. Tourism/B.Com. L.S.C.M. Degree Examination,
September/October - 2022

COMMERCE

Income Tax - II

(CBCS Scheme 2019-20 Onwards Freshers)

Paper : 6.1

Time : 3 Hours

Maximum Marks : 70

Instructions to Candidates :

Answers should be written in English.

SECTION - A

Answer any Five sub-questions. Each sub-question carries 2 marks. (5×2=10)

1. a) Mention Rates of depreciation charged for computer and Surgical Equipments.
- b) What is Short - Term capital Asset?
- c) What do you mean by casual Income. Give two examples.
- d) Classify the following expenses as admissible OR Inadmissible while computing income from Business.
 - i) Provision for taxation.
 - ii) Depreciation on plant & Machinery.
 - iii) Income tax appeal expenses.
 - iv) Bad debts.
- e) What do you mean by Gross Total Income?
- f) State any two donations of 100% deduction allowable U/s 80G.
- g) What is Set-off of losses?



[P.T.O.]



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SECTION - B

Answer any Three questions. Each question carries 5 marks.

(3×5=15)

2. From the following Receipts & Payments account of a medical Doctor. Compute income from profession for the Assessment year 2021-2022.

Receipts	Rs.	Payments	Rs.
Consultation fees	50,000	Office Rent	1,20,000
Visiting fees for various hospitals	50,000	Salary to staff	44,000
Operation Theatre Rent	1,00,000	Donations	25,000
Sale of Medicines	40,000	Car Expenses [25% personal]	40,000
Dividend Received From Tata Co.	30,000	Surgical Equipment Purchase	25,000
Interest on Bonds	20,000	LIC premium	40,000
Gifts from patients	70,000	Contribution to PPF	56,000
		Electricity & Water	10,000
	<u>3,60,000</u>		<u>3,60,000</u>

3. Mr. Chandan sold a Residential house on 1/10/2020 for Rs.10,25,000 and incurred Expenses of Rs.25,000. This house was inherited to him during the year 1998-99 from his Father, who had constructed in 1995-96. For Rs.60,000 Mr.Chandan spent Rs.1,00,000 on Renovation of this house in 2008-09. Fair market value of this house on 1/4/2001 was Rs.4,60,000 Compute capital Gain for the A.Y. 2021-22.

[Cost inflation Index :

For 2001 - 02 = 100

For 2008 -09 = 137

For 2020-21 = 301



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4. From the following incomes of Mr.Suresh for the previous year 2020-21. Compute income from other source for the Assessment year 2021-22.
- Director fees - - - - - Rs.20,000
 - Dividend from Co-operative Society Rs.10,000
 - Winnings from state Lottery (Net) Rs.35,000
 - Interest on central Govt. securities Rs.4,000
 - Interest on post-office S.B. account Rs.2,500
 - Interest on Less-Tax commercial securities (Net) Rs.10800
 - Rs.1,50,000, 9% tax - free commercial securities.
5. Briefly explain the provisions U/s 80D. Regarding Health Insurance Premium deductions from G.T.I.

SECTION - C

Answer any Three questions. Each question carries 15 marks. (3×15=45)

6. The following is the profit and Loss Account of Mr.Prasad for the year ending 31/3/2021.

Particulars	Rs.	Particulars	Rs.
To General Expenses	1,20,000	By Gross profit	5,20,000
To Bad debts	50,000	By Commission Received	40,000
To provision for Bad debts	40,000	By Sundry Receipts	96,000
To Insurance on House property	2,000	By Bad debts Recovered	4,000
To salary to staff	70,000	(disallowed earlier)	
To salary to Prasad	46,000	By Interest on Bank deposits	32,000
To Interest on Bank loan (Loan Taken for Business)	1,20,000	By dividend on U.T.I	24,000
To Interest on Loan taken from his wife	10,000	By Rent from House Property	30,000
To Interest on own capital	24,000		
To Depreciation	1,10,000		
To Advertisement	20,000		
To Employer contribution to provident fund	20,000		
To Net profit	1,14,000		
	<u>7,46,000</u>		<u>7,46,000</u>

[P.T.O.]

**Adjustments:**

- a) The amount of depreciation allowable as per income tax rules Rs.80,000
- b) Income of Rs.24,000 accrued during the year is not recorded in above Profit & Loss Account.
- c) Prasad paid Rs.30,000 as premium on his own life policy.
- d) General expenses include Rs.9,000 given for arranging a party to his friends.
- e) Employer contribution for PF for the last two months @ Rs.2,000 p.m. has not been paid within due date.

Compute the income from business for the Assessment year 2021 - 22.

7. Mr. Ganesh Kumar sold some of his properties during the previous year 2020-21.

- i) Jewellery costing Rs.1,00,000 purchased in June 2018 has sold for Rs.1,20,000 in May 2020.
- ii) Household furniture costing Rs.30,000 acquired in 2004 was sold in March 2021 for Rs.20,000
- iii) He sold listed debentures of a company for Rs.1,90,000 which was purchased by him for Rs.1,30,000 on 1/3/2005.
- iv) Machinery was sold on 1/12/2020 for Rs.50,000 which was purchased in February 2010 for Rs.80,000 and its written down value on 1/4/2020 Rs.40,000.
- v) Self cultivated land was sold for Rs.7,00,000 and its cost in 2008-09 was Rs.3,00,000. He purchased a new piece of land for his own cultivation for Rs.1,20,000 in June 2021.
- vi) Residential house at Bengaluru was inherited by him in 1985 and its Fair market value as on 1/4/2001 was Rs.4,50,000. Cost of Improvement during 2003-04 was Rs.60,000. This property sold as 31/10/2020 for Rs.22,00,000 [Selling Expenses paid Rs.20,000].

Cost inflation index

For 2001-02 = 100 FOR 2003 - 04 = 109

For 2008-09 = 137 FOR 2020 - 21 = 301

Compute capital Gains for the Assessment year 2021-22



8. Mr. Kiran submits the following details of his incomes for the previous year ending 31/3/2021.

- i) He lives in a rented house and he pays rent of Rs.6,000 p.m. He has sub-let $\frac{1}{3}$ portion of the house on a rent of Rs.3,000 p.m. He has undertaken Liabilities of paying Muncipal tax Rs.1500 p.a. on the whole house and repair expenses on the whole house Rs.6,000 p.a.
- ii) Income from Agricultural land situated in Bangladesh Rs.20,000.
- iii) Dividend from Unit Trust of India Rs.4,000
- iv) Honorarium received for writing articles in Magzines Rs.1,000
- v) As an Examiner of University he has received Rs.20,000 as Exam Remuneration.
- vi) Interest on post office savings Bank Account Rs.6500.
- vii) He hold the following investments.
 - a) Rs.1,00,000, 8% tax - free commercial securities of TCS company.
 - b) Rs.30,000, 7% debentures of a chemicals company.
 - c) Rs.72,000, 10% tax-free debentures of LIC of India.
 - d) Rs.10,000, 10% U.P. state electricity Board Bonds.

Compute the cash income from other source for the Assessment year 2021-22.

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9. Determine the total income of Ravindra for the Assessment year 2021 - 22, from the following particulars.

1) Business Income (Computed) - - - - -	Rs.6,35,000
2) Income from House property (Computed)	Rs.1,17,000
3) Long term capital Gain (Computed)	Rs.1,10,000
4) Income from Rajasthan State Lottery (Net)	Rs.1,92,500
5) Income from Horse Race (Gross)	Rs.1,04,000
6) Expenditure on purchase of Lottery Tickets	Rs.26,000
7) Interest from IDBI Bonds (Gross)	Rs.18,000
8) Interest paid on capital borrowed for- investing in IDBI Bonds	Rs.5,000
9) Interest on company deposits (Gross)	Rs.48200

Deductions:

a) Payment of LIC premium on own life policy	Rs.18,000
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|----|---|------------|
| b) | Health insurance premium on wife policy | Rs.16,000 |
| c) | Housing loan principal amount paid | Rs.12,000 |
| d) | Donation to prime minister National Relief fund (100% eligible) | Rs.50,000 |
| e) | Purchase of National saving certificates | Rs. 10,000 |
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