

VI Semester B.Com. Examination, Model Question Paper – I

Paper: Income Tax – II

Time :3 Hours

Maximum

Section – A

Answer any five sub -questions. Each sub-question carries two marks: (5 x 2 = 10)

1. a. Give the meaning of Total Income.
- b. What do you mean by Profession?
- c. What is block of assets?
- d. What is Long term Capital Assets?
- e. Expand CBDT and CIT.
- f. List out any two items deducted under Section 80C.
- g. Bring out any two expressly allowable expenses under business.

Section – B

Answer any three questions, each carries Six marks. (3 x 6 = 18)

2. Write down the cases where benefits of Indexation is not available.
3. From the particular given below, calculate the amount of depreciation, short term capital gain or short -term capital loss (as the case may be):
 - i) W.D.V of the block of P&M on 1-4-2018 Rs. 1,60,000
 - ii) Cost of additions made during the May 2018 Rs. 40,000
 - iii) Expenses incurred as commission etc. At the time of sale Rs.10,000
 - iv) Net consideration of all the assets comprising in this block Rs.2,40,000
 - v) What difference it will make if the net consideration is Rs 1,50,000.
4. From the following particulars furnished by Mr.Prasanna (resident) compute his Income from capital gains for the AY 2019-20
Date of Purchase of house property 1-12-1998
Cost of acquisition Rs. 25,00,000
Cost of addition in 1999 Rs. 3,25,000
Fair Market value as on 1-4-2001 Rs.35,00,000
Cost of additions in 2004-05 Rs. 7,77,000
Sale proceeds in 2018-19 Rs. 1,44,00,000
Cost of Inflation index: 2001-02=100, 2004-05=113, 2018-19=280.
5. Mr. Ashok's investments during the year ended 31-3-2019 consisted of the following:
 - a) Rs. 25,000, 9% Govt. Securities
 - b) Rs. 20,000, 11% Delhi Corporation Bonds
 - c) Rs.30,000, 12% Bombay Port Trust Bonds
 - d) Rs.5,000 7year Post Office National Savings Certificates
 - e) Rs. 10,000, 7% National Plan Certificates
 - f) Rs.15,000, 8% Govt. of England bonds.He paid Rs. 150 as commission for collecting the interest on England bond.
Compute his taxable income from other sources.
6. During the financial year 2018-19, Gross total Income of Mr. Daval is Rs.5,00,000. He has made the following payments during the year: Rs.12,000 for life insurance

premium on his life and Rs.8,000 on life of his wife Rs. 12,000 medical insurance premium on his health. Compute his total taxable income for the AY 2019-20.

Section – C

Answer any three questions . Each carries fourteen marks.

(3 x 14 = 42)

7. From the P&L a/c of Mr.X ,a manufacture. Calculate the Taxable income from business for the year ending as on 31-3-2019

Profit and Loss a/c

Particulars	Rs	Pariculars	Rs
To Salry to employees	95,000	By Gross Profit	3,00,000
To Advertisement expenses in cash	24,000	By Interest on Securities	14,000
To General expenses	16,000	By Income from HP	25,000
To Entertainment expenses	22,000	By debts recovered (allowed earlier)	12,000
To Bad Debts	1,500	By Profit on sale of Import License	80,000
To Drawings by Proprietor	24,000		
To Sales tax (Due& paid on 1/7/16)	6,000		
To Interest on proprietor's Capital	7,000		
To Repairs	2,500		
To Rent	21,000		
To Legal Expenses	5,000		
To Depreciation	15,000		
To Bonus(due)	6,000		
To Bonus to proprietor	4,000		
To Motor car purchases	72,000		
To Expenses on car during the year	12,000		
To Donations	2,000		
To Provision for Bad debts	6,000		
To Net Profits	90,000		
	4,31,000		4,31,000

He gives you the additional information:

- Rs. 3,000 was spent on the purchase of land and his included in Legal expenses
 - Half of repair expenses bear on Let -out building
 - Depreciation allowable on all assets including Motor car is Rs. 14,400
 - Bonus was paid to employees on 31/6/2019 and Mr. X filed his income on 31/7/2019.
8. From the following incomes of Mr . Lingaraj (resident) For the year ended 31-3-2019 ,compute his income from other sources.
- Director's fees Rs.10,000
 - Interest on Bank deposits Rs.3,000
 - Income from undisclosed sources Rs. 12,000
 - Winning from lotteries (Net) Rs. 28,000
 - Royalty on book written Rs.8,000
 - Income from lectures delivered Rs.5,000

- vii) Interest on loan given to relative Rs.7,000
 - viii) Interest on tax free debentures of a company (Net) Rs.3,600
 - ix) Dividend from Co – operative society Rs.8,000
 - x) Interest on Post office SB A/c Rs. 500
 - xi) Interest on Central Govt , Securities Rs.2,200
He paid Rs.1,000 for typing the manuscript of the book.
9. Mr. X submits the details of the assets sold for the year ending 31st March 2019.
- a. Shares (Purchased in April 2001 for Rs.54,000) sold on 15-12-2018 for Rs. 1,95,000
 - b. On 1st April 2001,he agreed to sell jewellery to Y for Rs.2,70,000 which purchased in 1996 of Rs.1,50,000. However the sale could not be effected as Y backed out.He forfeited the advance of Rs.20,000 which he received from Y.He now sold the jewellery on 15th July 2018 for Rs. 24,20,000 and incurred Rs. 20,000 incidental selling expenses on account on brokerage and commission.
 - c. Debentures (Purchased in Sept 2018 for Rs.50,000) sold on 31-12-2018 for 52,000.
 - d. Sold his motor car (purchased for business use in August 2004 for Rs.1,50,000 and WDV is Rs. 35,000) on 15th March 2019 for Rs.42,000.
The costly of inflation index for the relevant years are 2001-02 =100, 2004-05 =113, 2018-19 =280) Compute his capital gains.
10. Sri Ganapathy gives you the following information for the previous year 2018-19.Compute his total Income:
- Income:
- a) Income from house property (computed) Rs.40,000
 - b) Income from petty business Rs.50,000 (computed)
 - c) He sold jewellery for Rs.5,00,000 on 1-3-2019(these were purchased by him for Rs. 1,15,821 on 1-4-2001
 - d) He received Rs.42,000 from Kerala State Lotteries
 - e) Received Rs.9,000 (gross) interest on Fixed Deposits in Vijaya Bnak
 - f) Gift from father in law Rs. 75,000 and
 - g) Income from agriculture in Chennai Rs 35,000
- Expenditure:
- a) Purchase of lottery tickets Rs.1,500
 - b) Commission on sale of jewellery Rs.8,302
 - c) Life insurance premium on own life Rs. 15,000, on the life of wife Rs.8,000 and on the life of mother Rs.5,000
 - d) Purchase of NSC VIII issue Rs.9,000
 - e) Contribution of PPF Rs.5,000
 - f) Medical Insurance premium on his health Rs.6,000 and on the health of his father Rs 6,000.
 - g) Donations to Prime Ministers Drought Relief Fund Rs. 20,000 ,to university of Madras Rs. 10,000 and to a sports association Rs. 6,000 and
 - h) Total amount spent on agricultural activities Rs. 31,000
11. Mr . X submits the following information:
Rent from house (per month) 40,000

Municipal taxes paid during the previous year 20,000
Long term capital gains on sale of gold 2,50,000
Interest on Bank deposits(gross)34,150
Term deposits in a schedule bank for 6years 20,000
LIC premium on 22,000 (Sum Assured 1,00,000 policy was taken on 1-4-2017)
Compute the Gross Total Income and Tax liability of Mr. X