

Second Year B.B.M Degree Examinations

October / November 2014

(Directorate of Distance Education)

COMMERCE

DBB 240: TAXATION

Time: 3hrs.]

[Max. Marks: 70/80

Instructions to candidates:

«ZÁÿÖUË, ÆZEÜÄ:

1. Students who have attended 30 Marks Internal Assessment scheme will have to answer for total of 70 Marks.

30 CAPÜÄ DAVj PÄ ¥ZwAÄrÄÄ° è SgÄ°Ä «ZÁÿÖUÄ 70 CAPÜÄ ¥ÄÜZÜÉ

Gvj, Ä ÄPÄ.

2. Students who have attended 20 Marks Internal Assessment scheme will have to answer for total of 80 Marks.

20 CAPÜÄ DAVj PÄ ¥ZwAÄrÄÄ° è SgÄ°Ä «ZÁÿÖUÄ 80 CAPÜÄ ¥ÄÜZÜÉ

Gvj, Ä ÄPÄ.

SECTION – A

Answer any TWO of the following questions. 5 marks each:

2 x 5 = 10 Marks

1. What are Capital Assets U/s 2(14) and what are the types of Capital Assets?
2. Mr. Nischal born & brought up in India, went for further studies to U.K. on 1.3.2011 came back to India on 1.10.2012 early in the morning. Determine his Residential status for the A.Y. 2013 – 14?
3. Mr. Ravi is getting a monthly salary of ` 25,000, D.A. ` 6,000 P.M. fixed percentage of commission ` 40,000 Bonus ` 10,000, House Rent Allowance ` 5,000 P.M. He is paying a rent of ` 6,000 P.M. at Bangalore. Compute taxable H.R.A.

4. From the following particulars of Mr. Vivek. Compute the taxable value of accommodation at concessional rent.

Mr. Vivek, manager in a cement company working at Delhi (population exceeds twenty five lakhs as per 2011 censuses) provided with a furnished house for which the company pays ` 6,000 P.M. But deducts ` 1,000 P.M. from his salary. The furniture provided to him costs ` 1,00,000.

Other particulars are as follows:

- i) Basic salary ` 20,000 P.M
- ii) Dearness pay 50% of Basic Salary.
- iii) City compensatory allowance 10% of Basic
- iv) Commission ` 25,000

Contd.....2

SECTION – B

Answer any THREE questions. TEN marks each:

3 X 10 = 30 Marks

5. Explain the types of Assessment.
6. Explain the Income Tax provision relating to different kinds of securities.
7. Following are the particulars of Mr. Jagmohan for the previous year 2012 – 13.
 - a) Profit on sale of property at Mysore (one half received in Sydney) ` 1,00,000.
 - b) Interest on U.K. Development Bonds ` 4,00,000
 - c) Profit on sale of Plant at Bangkok (One half is received in India) ` 5,00,000.
 - d) Profit from business in Pakistan controlled from India (40% profit received in India) ` 12,00,000.
 - e) Dividend from domestic company ` 4,00,000
 - f) Profit earned from Business in Paris which was controlled from India ` 2,00,000.
 - g) Interest on Post office S/B A/c ` 2,000.
 - h) Past untaxed foreign income brought to India during previous year ` 2,00,000.
 - i) Salary & Allowance from U.N.O ` 3,00,000.
 - j) Share of Income from H.U.F. ` 50,000.
8. Mr. Narendra practicing Chartered Accountant gives you the receipts & Payments of his profession for the year ended 31.03.2014.

Receipts	Amount	Payments	Amount
Consultation fees	1,20,000	Office Expenses	75,000
Audit fees	1,50,000	Office Rent	36,000
Payments form clients	2,60,000	Salaries	60,000
Int. from Govt. securities	80,000	Printing & Stationery	6,000
Miscellaneous (Professional)	40,000	Books (Annual publications)	5,000
		Sub to C.A. Institute	12,000
		Travelling expenses	10,000
		Interest on Bank loan	8,000
		Donation to National	
		Defence Fund	20,000

Bank loan was taken for construction of his Residential House. He is running his profession in his own Building. 20% of travelling expenses are not allowed.

Compute his income from profession for the A.Y. 2013 – 2014.

9. Mr. Ajay sold some of his property during 1-4-2012 to 31-03-2013 as under & calculate total capital gain.
 - a) Jewellery costing ` 1,60,000 was sold for ` 3,00,000=00 in May 2012 (Purchased in June 2010).
 - b) House hold furniture costing ` 14,000 in 1999 was sold in march 2013 for ` 26,000.

Contd.....3

- c) Car was sold on 1-12-2012 for ` 45,000, its W.D.V on 1-4-2012 was ` 38,000.
 d) Machinery was sold on 1-10-2012 for ` 60,000, its W.D.V on 1-4-2012 was 50000.

PART – C

Answer any TWO questions. FIFTEEN marks each:

2 X 15 = 30 Marks

- 10.** What do you mean by Agricultural Income? Give the Income Tax provisions related to agricultural Income.
- 11.** Mr. Prasanna is employed in a Cotton Textile Mill at Mumbai. He submits you the following particulars of his Income for the P.Y. 2012 – 13.
- Basic Salary ` 20,000 P.M.
 - D.A at ` 6,000 P.M.
 - Bonus equal to 2 months salary.
 - Entertainment allowances @ ` 2,000 P.M.
 - He is provided L.T.C of ` 35,000 for going to Simla.
 - House Rent allowance @ 5,000 P.M
 - He & his employer contributed each 13% of his salary towards R.P.F
 - Interest credited to R.P.F amounted to ` 2,000 on the balance of ` 20,000.
 - The employer gave him cotton worth ` 2,000.
 - He is provided with the services of a watchmen & a cook by the company who were paid ` 800 P.M & ` 600 P.M. respectively.
 - Medical treatment expenses on his father reimbursed by the company amounted to ` 22,000.
 - Gas, Electricity and Water Bill paid by the employer ` 3,000.
 - He paid ` 2,400 employment tax during the year.

Compute his taxable salary for the A.Y. 2013 – 14.

- 12.** The following is the P & L account of Mr. Pavan during the previous year 2012 – 13. Compute his Income from Business for the A.Y. 2013 – 14.

To	Salaries	60,000	By	Gross profit	2,00,000
"	Trade expenses	20,000	"	Income from agency Business	25,000
"	Rent	30,000	"	Bad debt recovered (Previously allowed)	3,000
"	Interest on loan	15,000	"	Rent from House property	42,000
"	House hold expenses	25,000	"	Dividend from Indian Co.,	5,000
"	Advertisement	10,000	"	Lottery prize (Gross)	10,000
"	Interest on Capital	8,000	"	Profit on sale of Security (Short term)	15,000
"	Sales Tax paid	15,000			
"	Income Tax paid	12,000			
"	Audit fees	5,000			
"	L.I.C premium	10,000			

Contd.....4

”	Donation to		
	Kuvempu University	15,000	
”	Depreciation	4,000	
”	Municipal Tax	3,000	
”	Net profit	68,000	
		<u>3,00,000</u>	<u>3,00,000</u>

Additional information:

- Bank loan was taken to construct let out house & Municipal tax paid relate to this house property.
- Actual Bad debts allowed amount to ` 5,000.
- Rent include ` 10,000 being rent for a godown owned by assessee.

13. Mr. Vinay earned the following Income during the financial year 2012 – 13.

a) Director’s fees	8,000
b) Income from Agricultural land in Nepal	6,000
c) Ground rent	12,000
d) Interest on post office S/B A/c.	500
e) Dividend from foreign company	1,000
f) Winning from Horse Race	4,500
g) Interest on security	4,000
h) Winning from lottery (Net)	70,000
i) Dividends from a Domestic Co.,	8,000
j) Rental Income from machinery & building	60,000
k) Spent ` 1,500 on repairs of machinery & building during the year	
l) He received dividend of ` 5,000 from Co. Operative society	

Compute his Income from other sources for the A.Y. 2013 – 14.

SECTION – D

Note: Compulsory question for 80 marks scheme only

Answer any ONE of the following questions, TEN marks each. 1 x 10 = 10 Marks

- Explain the Income Tax Authorities, their powers and duties.
- Explain the provisions regarding set – off and carry forward of losses.

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”	˘PI ¥j ±FEAZEA áZi	5,000	
”	˘AvÁ fAáA «áB PAVÁ	10,000	
”	PIáA¥Á «.«.UE zAtUj	15,000	
”	˘P P½	4,000	
”	áAAá¹¥Á° nAIA vj UI	3,000	
”	áá¼A ˘A˘i	68,000	
		<u>3,00,000</u>	<u>3,00,000</u>

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°áEÁ áÁÁ»w:-

- a) ˘ÁáPI ˘Á® ˘ÁrUE áÁEÉ PI ˆÁ ¥ĥĥzÁY, áAAá¹¥Á° nAIA vj UE F áÁEUE ˘ASACiĥgÁVZÉ
- b) PĥĥÁ ˘Á® PĥvUE½, PÁ ázĥj ˘zÁY ˘ 5,000
- c) ¥P EĥĥP ĥĥÁ ˘AvÁ UEÁqEÉi ˘ÁrUE ˘ 10,000 MI ÁÖ ˘ÁrUÁiÁ° è ˘Áj zÉ

13. ˘ÁiÁÁvÁ «EÁiĥĥP ĥĥÁ UMP ĥĥÖ 2012 – 13ĥP è F P¼VÉÁ áĥP ÁAEÁ EÁB °EACĥĥÁVÁĥÉ

- a) ázĥÁ±PĥĥÁ ĥĥÁ 8,000
- b) EÁ¥Á ˘izP ĥĥÁáÁ ˘E«Á-ÁAZÁ SAZÁ áPÁ ÁÁiÁ áĥP ÁAEÁ 6,000
- c) E® ˘ÁrUE 12,000
- d) CAZÉ Pĥĥj ÁiÁ G½VÁÁiÁ SÁVÁiÁ° EÁ SrÖ 500
- e) «zÁ² PÁ¥P-ÁAZÁ SAZÁ ˘Á˘Á±Á 1,000
- f) PÁzÁĥÉ ĥĥÁ iEĥ è UM½ ˘zÁY 4,500
- g) ˘zÁÁ ¥ÁVÁÁÁ áÁÁ° EÁ SrÖ 4,000
- h) ˘Ái j -ÁAZÁ UM½ ˘zÁY (áá¼) 70,000
- i) ˘zÁ² PÁ¥P-ÁAZÁ SAZÁ ˘Á˘Á±Á 8,000
- j) ÁiÁAVÉÁ¥PĥĥÁ áÁVÁÖ PI ĥĥĥAZÁ SAZÁ ˘ÁrUE 60,000
- k) ÁiÁAVÉÁ¥PĥĥÁ áÁVÁÖ PI ĥĥzÁ zÁĥP UÁV RZÁÖ áÁÁRzÁ 1,500
- l) ˘P PÁj ˘ÁVÁĥAZÁ SAZÁ ˘Á˘Á±Á 5,000

vj UE áĥÖ 2013 – 14PÉ Evĥĥé áĥP ÁAEÁ CrÁiÁ° è SĥÁÁ MI ÁÖ áĥP ÁAEÁ EÁB PÁqÁ»r-Áj.

«˘ÁUA – r

˘EZEÚÁÁ: 80 CAPUÁÁ ¥ÁB ¥ÁVÁUE EgÁáPĥĥÁÁiÁ ¥ÁBÁÁÁ

V. ÁiÁáÁzÁzĥĥE MAZÁ ¥ÁBUE Gvj ˘. vÁÁ 10 CAPUÁÁ: 1 x 10 = 10 Marks

- 14. DzÁÁiÁ vj UE ¥ÁĥPÁĥzÁ CĥPÁĥÁ áÁVÁÖ PÁVÁ ÁUMÁEÁB «áj ˘.
- 15. EĥP EÁB ˘j zĥEV ˘ÁÁ áÁVÁÖ EĥP EÁB áÁAZÁáj ˘ÁÁ áÁiÁ áÁUMÁEÁB «áj ˘.
