

**STELLA MARIS COLLEGE (AUTONOMOUS) CHENNAI – 600 086.**  
**(For candidates admitted during the academic year 2011-12)**

**SUBJECT CODE: 11CM/PC/BT34**  
**M.Com. DEGREE EXAMINATION NOVEMBER 2012**  
**COMMERCE**  
**THIRD SEMESTER**

**COURSE : CORE**  
**PAPER : BUSINESS TAXATION**  
**TIME : 3 HOURS** **MAX. MARKS: 100**

**SECTION – A**

**ANSWER ALL QUESTIONS: (10X2=20)**

1. Define Assessment year and Previous year.
2. Enumerate any 4 fully taxable allowances.
3. What are Long term Capital Assets?
4. What is a Belated Return?
5. What is Advalorem Duty?
6. Mr. X received Rs. 18,000 as children education allowance for his 3 children. Determine the value of taxable allowance.
7. Computer GAV:- MRV – Rs. 96,000; FRV – Rs. 1,20,000;  
Actual Rent- Re. 1,08,000; Standard Rent – Rs. 1,40,000.
8. Compute capital gains from the following information House Property sold on 1.10.2011 – Rs. 18,00,000. Cost of house acquired on 1.10.1985 – Rs. 60,000. CII: - 1985 – 86 = 133 , 2011 – 12 = 785.
9. Compute Income from other sources:-
  - a) Dividend from Indian Companies - Rs. 5,000
  - b) Royalty from books - Rs. 8,000
  - c) Expenses on writing the books - Rs. 500
10. Mr. Suresh pays by cheque medical insurance premium Rs. 18,000 on the health of himself and his spouse. What is the deduction allowable U/S 80 D?

**SECTION – B**

**ANSWER ANY FIVE QUESTIONS: (5 x 8 = 40)**

11. How will you ascertain the residential status of an individual?
12. Explain five taxable perquisites & state the deductions allowed in computing salary income?
13. Explain the duties of the assessing officer with respect to search & seizure.
14. Explain the financial services on which service tax is levied.

15. The following are the incomes of Ms. Priya for the previous year 2011-12.

	<b>Rs.</b>
a) Profits from business in Chennai	20,000
b) Profits from business in U.S.A., controlled from India (half of the profits being received in India).	40,000
c) Income from agriculture in India	10,000
d) Dividend from foreign companies	10,000
e) Salary received from an Indian Company for services rendered in Dubai Rs.50,000	
f) Pension received in Kenya Rs.10,000 for services rendered in Bangalore.	
g) Income from house property in Srilanka received in India Rs.20,000.	

Compute the Gross Total Income of Ms. Priya if she is (a) a resident (b) a Not ordinarily resident and (c) a Non – Resident.

16. From the following particulars, calculate the salary income of Mr. Joy for the previous year 2011-12.

	<b>Rs.</b>
Salary	20,000 p.m.
D.A. (forming part)	10,000 p.m.
H.R.A. received (Chennai)	8,000 p.m.
Rent paid by him	10,000 p.m.
Medical allowance	500 p.m.
Transport allowance	1,000 p.m.
Children education allowance Rs. 300 p.m. for the his three children.	
Employer's contribution to RPF Rs. 1000 p.m.	
Interest credited at 12% to the RPF is Rs. 2400.	

17. Compute income from House Property from the following information

	<b>Rs.</b>
Fair Rent	90,000
Municipal Rent	80,000
Standard Rent	70,000
Annual Rent	96,000
Actual Rent received	80,000
Vacancy	2 months
Municipal tax paid	8,000
Interest on loan	20,000 (taken for construction)
Repair Charges	5,000.

18. Calculate the tax liability of Mr. A

	<b>Rs.</b>
Income from salary	1,00,000
Short term capital gain	50,000
Long term capital gain	50,000
Income from other sources	1,00,000
Contribution to P.P.F.	5,000

## SECTION – C

ANSWER ANY TWO QUESTIONS:

(2 x20 = 40)

19. Explain the provisions regarding set-off and carry forward of losses.
20. Distinguish between Excise Duty and Customs Duty and Explain the different kinds of excise duties leviable under Central Excise Act.
21. Following is the Profit and Loss A/c of Mr. S.

	Rs.		Rs.
To General expenses	17,000	By Gross profit	66,000
To Interest an capital	2,000	By profit on sale of car	15,000
To Proprietor's salary	12,000	By Bad debts recovered (disallowed earlier)	5,000
To Staff salary	18,000		
To Bad debts	2,000	By Interest on securities	8,000
To Advertisement	3,000	By Dividend	8,000
To Fire insurance	1,500		
To Depreciation	3,000		
To provision for doubtful debts	1,500		
To Income-Tax	5,000		
To Donation	4,000		
To Car expenses	3,000		
To Net Profit	30,000		
	1,02,000		1,02,000

Additional Information:

- (i) Depreciation as per Income-Tax is Rs. 2,500.
- (ii)  $\frac{1}{2}$  of the car expenses relate to personal use.
- (iii) General expenses include Rs. 1,000 as help to a poor student.
- (iv) Advertisement expenses include Rs. 500 spent on printing of calendars.
- Compute the Business Income of Mr. S.
22. From the following details of income of Mr. K, Compute his income from other sources.

	Rs.
(i) Interest on bank deposits	15,000
(ii) Interest on post office savings bank	5,000
(iii) Winnings from lottery (net)	82,600
(iv) Interest on tax free debentures of a listed Co.	3,600
(v) Income from letting of plant & machinery	60,000
[Rs. 1,500 was spent on repairs of the machinery and depreciation allowed on the assets was Rs. 8,000]	
(vi) Gifts received from friend	55,000
(vii) Gifts received from father	60,000
(viii) Rent from subletting $\frac{1}{4}$ of house	5,000 p.m.
(Rent paid by Mr. K for the house is Rs. 12,000 p.m. He has also paid Municipal taxes Rs. 10,000)	

(ix)	Ground Rent	1,000
(x)	Income from undisclosed sources	5,000
(xi)	Dividend from Co-operative society [Collection charges Rs. 100]	4,000
(xii)	Salary for part-time job in a firm	20,000

▲▲▲▲▲▲▲▲▲▲