

STELLA MARIS COLLEGE (AUTONOMOUS) CHENNAI – 600 086.
(For candidates admitted during the academic year 2011 – 2012 & thereafter)

SUBJECT CODE: 11CM/PC/BT34

M.Com. DEGREE EXAMINATION NOVEMBER 2014
COMMERCE
THIRD SEMESTER

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

SECTION – A

I. ANSWER ALL QUESTIONS: (10 x 2 = 20)

1. Define (i) Assessment year, (ii) Person.
2. What is Commuted pension?
3. What is intra-head set off?
4. What is a revised return?
5. What are the indirect taxes levied by the Central Government?
6. Mr. Prem left India for the first time on 25.12.2013 and returned back to India on 01.03.2014. What is his residential status for the PY2013-14?
7. Compute GAV:- MRV – Rs. 60,000; FRV – Rs. 64,000; Standard rent – Rs. 59,500; Actual rent – Rs. 72,000; Loss due to vacancy – Rs. 6,000.
8. Compute Capital Gain: - Machinery purchased in 1983 – 84 [CII=125] for Rs. 60,000. WDV on 01.04.2013 Rs. 35,000; Sale Price – Rs. 60,000. [CII= 2013 – 14 = 939].
9. Compute exempted HRA :- Basic Salary – Rs. 6,000 p.m. HRA received – Rs. 700 p.m. Rent paid – Rs. 800 p.m.
10. Mr. Shyam pays Rs. 20,000 by cheque as mediclaim insurance premium for himself and Rs. 25,000 by cheque for his father (68 years). Compute deduction allowable U/S 80D.

SECTION – B

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

11. What are the objectives of tax planning?
12. Explain Allowances U/S10 (14).
13. Explain Permanent Account Number.
14. Distinguish between Excise Duty and Customs Duty.
15. Mr. John is employed at Mumbai. From the following particulars, compute his income from salary:-

	Rs.
(a) Basic salary	8,000 p.m.
(b) D.A. (40% is computed for retirement benefits)	2,000 p.m.
(c) Bonus	8,000 p.a.
(d) Commission	4,500 p.a.

(e) Entertainment Allowance	500 p.m.
(f) Children education allowance (1 child)	300 p.m.
(g) FRV of house provided by employer	40,000 p.a.
(h) Value of furniture provided	20,000.
(i) Arrears of salary received	12,000.

16. Mr. M is the owner of a house property. 50% of the house is let out on a rent of Rs. 3,200 p.m. (This portion remained vacant for 1 month during the PY 2013-14). 25% of the house is used for his own profession and 25% is used for his residence. MRV – Rs. 75,000; Standard Rent – Rs. 90,000. Municipal taxes paid – Rs. 12,000. Repairs – Rs. 3,000. Interest on capital borrowed for repairs – Rs. 28,000. Compute income from house property.

17. From the following details, compute income from other sources of Ashok for the AY2014-15:-

	Rs.
(a) Interest on post office savings a/c.	6,000
(b) Dividend from co-op. society	10,000
(c) Winnings from lottery (net)	49,000
(d) Family pension received	48,000
(e) Interest on securities (not listed)	7,200
(f) Interest from central government securities	8,000
(g) Director's fees	4,000
(h) Undisclosed income	20,000.

18. Calculate taxable income of Mr. Ram: -

	Rs
Gross Total income	2,50,000
Life insurance premium of Mrs. Ram	900
Contribution towards LIC pension fund	1,000
Interest on education loan	1,000
Expenditure on medical treatment for disabled relative	14,500
Donation to National Defence Fund	5,000
Donation to Indian Olympic Association	25,000

II. ANSWER ANY TWO QUESTIONS: (2 x 20 = 40)

19. Explain the provisions of Income Tax Act, 1961 regarding carry forward and set off of losses.

20. Explain the powers of CBDT.

21. The following are the incomes of Mr. Kishore for the PY 2013 - 14.

	Rs.
(1) Profit from business in India, received in UK	20,000
(2) Profit accrued in India, received in USA	10,000
(3) Income from house property in Nepal, deposited in a foreign branch of SBI.	30,000
(4) Gift in foreign currency from father, received in USA (1/2 received in India)	40,000
(5) Income from profession in Singapore (The profession is set up in India)	2,00,000
(6) Dividend from Indian companies	6,500
(7) Profit on sale of plant at Delhi (1/2 is received in London)	1,00,000
(8) Income from pension for services rendered in India, received in Australia	25,000
(9) Income from Agriculture in America, received there and remitted to India	18,000
(10) Income from business in Jaipur, controlled from France	50,000

Find out the Gross Total Income of Mr. Kishore, if he is

- (i) Resident and ordinarily resident.
- (ii) Resident and not ordinarily resident.
- (iii) Non – Resident.

22. Following is the Profit and Loss A/C of Mr. Mukesh for the year ended 31.03.2014.

Particulars	Rs.	Particulars	Rs.
To Staff salary	10,000	By Gross Profit	80,000
To salary to owner	5,000	By bad debts recovered (disallowed earlier)	5,000
To bonus (due)	5,000	By rent from house	20,000
To interest on Capital	3,000	By interest on securities	3,000
To reserve for bad debts	2,000	By miscellaneous receipts	2,000
To bad debts	5,000	By winnings from lottery	3,000
To donation	4,000		
To gifts	1,000		
To Advertisements	5,000		
To sales tax paid	2,000		
To insurance premium (50% for house)	5,000		
To local taxes paid	1,000		
To depreciation	7,000		
To general expenses	2,000		
To purchase of scooter	13,000		
To Net Profit	43,000		
	1,13,000		1,13,000

Depreciation allowed (including scooter) as per IT rules is Rs. 5,000. General expenses include Rs. 1,000 as help to poor student. Compute income from Business.
