

STELLA MARIS COLLEGE (AUTONOMOUS) CHENNAI – 600 086.
(For candidates admitted during the academic year 2008-09 & thereafter)

SUBJECT CODE : CM/MC/TX54

B.Com. DEGREE EXAMINATION, NOVEMBER 2012
CORPORATE SECRETARYSHIP
FIFTH SEMESTER

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

Section A

Answer ALL questions:

10 X 3 = 30 Marks

1. State the admissibility of the following expenses in the computation of business income :
 - a. Cost of construction of a building for setting up a lab for scientific research.
 - b. Tax on house property let out on hire.
 - c. Salary paid to the partner of a partnership firm.
2. State any three incomes of other persons included in the total income of an individual.
3. Explain the deduction permissible under Sec.80 D and Sec.80 U.
4. What is Duty Drawback.
5. Explain the meaning of VAT
6. What is block of assets?
7. Stock of goods on 1.4.2011 and 31.3.2012 has been valued at Rs.2,50,000 and Rs.3,00,000 at 20% below cost, the market values being Rs.3,50,000 and Rs.4,20,000. Compute the value to be adjusted to ascertain the net profit.
8. Compute the total income of Ms.Ramya from the following information:
 - a. Income from salary Rs.35,000
 - b. Loss from textile business Rs.5,000
 - c. Loss from house property Rs.3,000
9. Compute the deductions under Sec.80G from the following information:
 - a. Contribution to Cyclone relief fund Rs.10,000
 - b. Contribution to the State Government for promotion of family planning Rs.12,000
 - c. Contribution to educational institution Rs.5,000
 - d. Total income from Profits and Gains Rs.5,00,000
10. Compute the professional income of Dr. Renu from the details given below :
 - a. Consultation fees received for the year 2010-11 Rs.20,000, 2011-12 – Rs.10,000, 2012-13 Rs.12,000.
 - b. Surgical equipment purchased Rs.10,000
 - c. Interest on loan Rs.2,000

Section B**Answer ANY FIVE questions:****5 X 8 = 40 Marks**

11. Explain the provisions relating to set off and carry forward and set off of losses.
12. Explain the provisions relating to levy, collection and exemption from Excise Duty.
13. What is Service tax ? Explain the mode of payment and recovery of Service tax.
14. Calculate the amount of depreciation on the assets of Akash Ltd., from the following particulars :

Block of assets	W.D.V.on 1.4.2011	Additions	Rate
Factory building	Rs.14,00,000	Rs.6,00,000	10%
Residential building	4,00,000	8,00,000	5%
Plant and Machinery	30,00,000	10,00,000	15%
Furniture	25,000	-	10%
Cars	65,000	-	15%

A Part of factory building was destroyed by fire, the insurance company accepted the claim for Rs.60,000 and the scrap realized amounted to Rs.10,000.

15. From the following particulars of incomes and losses of Aruna Ltd. ascertain the total income for the assessment year 2012-13 :

Income from securities	Rs.55,000	
Income from house property	15,000	
Profit from textile business	25,000	
Long-term capital gain	20,000	
Short-term capital gain	4,000	
Speculation income	4,000	
Income from agency business	10,000	
The carry forward losses from the previous year 2010-11 :		
Loss from glass business (discontinued in 2009-10)		Rs.4,000
Loss in agency business		3,000
Loss from textile business		3,000
Speculation loss		4,000
Short-term capital loss		6,000
Long-term capital loss (2006-07)		6,500
Current year depreciation of textile business	Rs.1,000.	

16. Compute the taxable income after allowing for deduction under Sec.80.
 - a. Gross total income Rs.5,00,000, including long term capital gain of Rs.30,000.
 - b. Contribution by cheque Rs.10,000 towards medical insurance premium.
 - c. Expenditure incurred for maintaining disabled son Rs.20,000
 - d. The following are the donations made: National children welfare fund Rs.5,000, P.M.National relief fund Rs.10,000, Gujarat relief fund Rs.20,000, Student's aid fund –Rs.5,000, local authority for promotion of family planning Rs.10,000, Public charitable trust –Rs.10,000, Maharashtra C.M.'s earthquake relief fund Rs.3,000, distribution of cloth to an orphanage –Rs.10,000, Donation to a registered political party Rs.10,000.

17. From the following cash book of Dr.Prakash for the year ending 31.3.2012, compute his professional income :

To Balance	10,000	By Rent of clinic	18,000
To Consultation fees	60,000	By Purchase of medicine	38,000
To Visiting fees	45,000	By Staff salaries	24,000
To Gifts and presents	8,000	By Surgical Equipment	40,000
To Sale of medicine	42,000	By Motor car expenses	8,000
To Dividend	6,000	By Purchase of motor car	1,40,000
To life insurance maturity	1,00,000	By Household expenses	7,000
To Interest	6,000	By Closing balance	2,000
	2,77,000		2,77,000

Adjustment :

- a. 75% of motorcar expenses are incurred in connection with profession. Car was purchased in December 2011.
- b. Gifts and presents include Rs.5,000 from relative.
- c. Closing stock of Medicine Rs.12,000 and opening stock was Rs.4,000.
- d. Visiting fees include , fees received for the year 2012-13 Rs.10,000
- e. Rent include, rent paid for the year 2010-11 Rs.4,000.

Section C

Answer ANY TWO questions:

2 X 15 = 30 Marks

18. Compute the taxable income and the tax liability of Mr.Adarsh from the following information :

- a. Fair rental value of the house property – Rs.56,000, Municipal value –Rs.45,000, Standard rent –Rs.50,000, Rental value – Rs.10,000 p.m., municipal taxes – Rs.3500, 50% paid by the tenant. Insurance premium paid –Rs.2400, repairs and collection charges incurred –Rs.5,000.
- b. The company sold the following assets during the previous year 2011-12, the profit or loss of which are as follows :
 Capital gain on sale of shop Rs.1,50,000.
 Capital gain on sale of Agricultural land Rs.5,00,000 , capital gain was re-invested in the purchase of another land for Rs.6,00,000.
 Capital gain on sale of household Furniture Rs.10,000.
 Short term capital gain on Shares Rs.80,000
- c. Net profit as disclosed by the Profit and loss account is Rs. 25,00,000, after debiting the following expenses :
 Legal expenses paid for land acquisition Rs.15,000
 Medical expenses of the grand son of the managing director-Rs.1,00,000
 Allowable depreciation –Rs.54,000, depreciation debited Rs.40,000
 Advertisement expenses for advertising in the daily of a political party –Rs.10,000
 Penalty paid for non-payment of excise duty –Rs.10,000
- d. Salary income computed Rs.2,00,000
- e. Gross income from lottery Rs.2,50,000

19. The profit and loss account of Mr. Venket, a retailer of cement for the financial year 2011 – 12 are as follows

Particulars	Rs.	Particulars	Rs.
Opening stock	50,000	Sales of cement	10,00,000
Purchase of material	2,38,000	Car sold	80,000
Purchase of cement	1,12,000	Dividend on shares of a company	20,000
Preliminary expenses	42,000	Refund of excise duty	12,000
Royalty	25,000		
Manager's salary	35,000		
Excise duty	27,500		
Interest on loan	26,300		
Interest on capital	28,000		
Depreciation on car	30,000		
Income tax	20,000		
General expenses	84,000		
Salary and wages	88,000		
Sales tax	37,000		
Patents purchased	35,000		
Entertainment expenses	16,700		
Net profit	2,18,000		

Additional information

- Opening stock is valued 20% under cost
 - Wages include Rs. 5,000 paid to domestic servant
 - General expenses include Rs. 4,000 for clearing machine that was imported.
 - During the year a car was purchased for Rs. 150,000 which was sold for Rs. 80,000 on January 2012.
 - Guest house expenses Rs. 10,000 are included in entertainment expenses
 - Allowed depreciation is Rs. 39,000 for the previous year.
 - General expenses include following
 - Donation to a public school Rs. 2,000
 - Special advertising campaign for a launch of a new product Rs. 40,000
 - Registration expenses for trade mark registration is Rs. 8,000
 - Employee's family planning expenditure Rs. 7,000
 - Closing stock of cement Rs. 85,000 is not included in computing the net profit
- Find out the taxable business income for the assessment year 2012-13 .

20. From the following information, compute the Gross total income of Ms. Rekha for the previous year 2011-12 :

Salary received Rs. 5,00,000

Rent received from house property Rs. 10,000 per month. She lives in her house in Chennai and has taken a loan for the construction of the same, the interest paid in the previous year is Rs. 34,000.

Her income from textile business is Rs. 65,000 before providing for depreciation Rs. 22,000.

She suffered a loss from real estate business Rs. 50,000.

Her income from speculation in gold is Rs. 10,000.

Short term capital gain on sale of shares Rs.3,000 and long term capital gain on sale of house property is Rs.60,000.
 Interest on securities received Rs.10,000
 Income from sub-letting Rs.5,000
 Income from lottery Rs.35,000
 Loss from horse race Rs.5,000
 Expenditure on purchase of lottery tickets and agent's collection charges amounted to Rs.10,000.
 Gift received from her friend amounted to Rs.16,000
 The following are the brought forward losses of the earlier previous year :
 Interest on loan paid for self occupied house –Rs.32,000
 Unabsorbed depreciation of textile business brought forward from the AY 2004-05 Rs.15,000
 Loss brought forward from the joint venture business , discontinued in the current previous year Rs.13,000
 Short term capital loss Rs.5,000 , long term capital loss Rs.5,000
 Speculation loss Rs.6,000
 Loss on account of horse race Rs.12,000.

21. Compute the permissible deduction under Sec.80, for the previous year 2011-12 from the following details :

- a. Gross total income Rs.12,00,000
- b. Life Insurance premium paid Rs.50,000
- c. Contribution to public provident fund Rs.39,000
- d. He invested Rs.10,000 in mutual fund
- e. He paid Rs.10,000 by cheque and Rs.5,000 by cash as medical insurance premium.
- f. His mother is suffering from cancer and he spent Rs.50,000 during the year for her treatment.
- g. His minor son is mentally retarded on whose special education he spent Rs.25,000 during the year.
- h. He donated Rs.10,000 to Karnataka State Chief Minister's Relief fund
- i. He gave Rs.20,000 for repair of a notified temple and distributed clothes of the value Rs.10,000 on his son's birthday.
- j. He paid Rs.20,000 to Punjab university for research in the field of bio science.
- k. He paid Rs.30,000 as donation to Family Planning Association of India.

▲▲▲▲▲▲▲▲▲▲