

**STELLA MARIS COLLEGE (AUTONOMOUS) CHENNAI – 600 086.**  
**(For candidates admitted during the academic year 2011-12 and thereafter)**  
**SUBJECT CODE: 11CM/MC/TX54**

**B.Com. DEGREE EXAMINATION NOVEMBER 2015**  
**COMMERCE**  
**FIFTH SEMESTER**

**COURSE : MAJOR – CORE**  
**PAPER : TAXATION - II**  
**TIME : 3 HOURS**

**MAX. MARKS: 100**

**Section A**

**Answer ALL questions:**

**10 x 3 = 30 Marks**

1. State the incomes that are taxable under the head profits and gains of business or profession.
2. Explain the taxability of gifts received by an Individual.
3. What is grossing up of interest?
4. State any three receipts which are considered as deemed incomes.
5. What is service tax?
6. Calculate the value of depreciation from the following information :

Value of plant on 1.4.2014	3, 00,000
Additions during the year	75,000
Sales during 2014-15	1, 00,000
Rate of depreciation 15%	

7. Mr. Arvind submits the following particulars pertaining to the Assessment year 2015-16:

Income from salary	4, 00,000
Loss from self-occupied property	-70,000
Business loss	-1, 00,000
Bank interest received	80,000

Compute the taxable income of Mr. Arvind for the Assessment year 2015-16.

8. From the following information, compute the total income for the A.Y. 2015-16:
  - a. Business income of Suresh, aged 70 is `13, 20,000.
  - b. He deposited ` 70,000 in PPF and purchased NSC VIII issue ` 50,000.
  - c. He paid interest on loan taken from a financial institution for higher education of his grandson ` 1, 20,000.
  - d. He spent ` 40,000 on medical treatment of disabled dependent.
9. Compute Income from other sources, from the following information:  
Interest on deposit with a company ` 11,250.

Royalty for writing books (expenditure on writing these books ` 22,000) ` 1, 00,000.

Debenture interest of Phenix Ltd. (listed) ` 4,500.

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10. From the following information compute the tax liability of Arun for the Assessment year 2015-16:

a. Income from profession	7, 20,000
b. Income from other sources	1, 02,000
Deductions under Sec.80	2, 02,000

### Section B

Answer ANY FIVE questions:

5 x 8 = 40 Marks

11. Explain the circumstances under which the incomes of other persons are included in the total income of an assessee.
12. What is Best Judgment Assessment? State the circumstances under which it can be made.
13. Explain the provisions relating to levy of Excise Duty.
14. From the following Receipts and Payments Account of Dr. David who maintains accounts on cash basis, Compute his income for the previous year 2014-15.

<b>Receipts</b>		<b>Payments</b>	
Balance c/d	3, 00,000	Rent of clinic:	
Loan from bank for personal Use	15,000	2012-13	1,000
Sale of medicines	60,000	2013-14	6,000
Consultation fees:		2014-15	1,500
2012-13	6,000	Cost of medicines	15,000
2013-14	70,000	Water bills	4,000
2014-15	5,000	Surgical equipment	6,000
Visiting fees	40,000	Purchase of motor car	1, 00,000
Gifts and presents	10,000	balance c/d	3, 86,700
Dividend	10,000		
Rent from house property	4,200		
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	5, 20,200		5, 20,200
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Additional information:

- a. 1/3<sup>rd</sup> of the use of motor car relates to personal use.

b. Depreciation on motor car and surgical equipment is 15%.

15. Compute the Gross total income of Mr. Franc for the A.Y.2015-16 from the information given below –

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Net income from house property	1, 25,000
Income from business (before providing for depreciation)	1, 35,000
Short term capital gains on sale of shares	56,000
Long term capital loss from sale of property (brought forward from A.Y.2014-15)	(90,000)
Income from tea business	1, 20,000
Dividends from Indian companies carrying on agricultural operations	80,000
Current year depreciation	26,000
Brought forward business loss (loss incurred six years ago)	(45,000)

16. Calculate Income from other sources from the following information :

Winnings from lotteries (Net amount)	` 42,000
`15, 000 received as interest on Government securities.	
` 3,000 received as interest on debentures of Exe Ltd. (Non listed).	
Dividends from co-operative societies	` 14,000
Director's fees	` 50,000
Interest on post office savings bank account	` 12,000
Interest on fixed bank in Indian Overseas Bank	` 10,000

17. Calculate the admissible deduction under Sec.80 from the following information, if the Gross total income is ` 2,50,000:

LIC Premium paid	` 1,000
Contribution to Public Provident fund	` 2,000
Contribution towards recognised Pension fund	` 1,000
Expenditure on medical treatment of disabled mother	` 25,000
Madclaim Insurance	` 10,000 paid by cheque
Donation to Indian Army	` 5,000
Donation to Government of India for Family Planning	` 25,000

**Section C**

**Answer ANY TWO questions:**

**2 x 15 = 30 Marks**

18. From the following trading and profit and loss account of Mr. Mohammed for the year ended 31.3.2015, you are required to compute Business income :

To Opening stock	90,000	By Sales	12, 11,500
Purchases	10, 04,000	Closing stock	1, 80,000
Gross profit	2, 97,500		
	13, 91,500		13, 91,500
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To Salary	60,000	By Gross Profit	2,97,500
Rent and rates	36,000	Income from UTI	2,400
Interest on loan	15,000	Other business receipts	6,100
Depreciation	1, 05,000		
Printing and stationary	23,200		
Postage & telegram	1,640		
Loss on sale of shares	8,100		
Other general expenses	7,060		
Net profit	50,000		
	3, 06,000		3, 06,000

Additional Information:

- a. It was found that some stocks were omitted to be included in both the opening and closing stock, the values of which were opening stock ` 9,000 and closing stock ` 18,000.
- b. Salary includes `10, 000 paid to his brother which is unreasonable to the extent of ` 2,000.
- c. The whole amount of printing and stationary was paid in cash.
- d. Depreciation provided in the profit and loss account `1, 05,000 was based on the following information: the written down value of plant and machinery is 4, 20,000. A new plant falling under the same block of depreciation of 15% was bought on 1.7.2014 for ` 70,000. Two old plants were sold on 1.10.2014 for ` 50,000.
- e. Rent and rates include sales tax liability of ` 3,400 paid on 7.4.2015.
- f. Other business receipts include ` 2,200 received as refund of sales tax relating to 2012-13.

- g. Other general expenses includes ` 2,000 paid as donation to a public charitable trust.
- h. General expenses include `150 spent on tea of some guest of a local MLA.
- i. Income from gold smuggling business was not shown in books ` 4,000.
- j. A loan ` 6,000 at 15% is taken from his wife out of funds given by him and interest is included in interest on loan.

19. Compute Income from other sources from the following details of Ms. Sheela's Investments and other incomes:

- a. 5% government securities `70,000.
- b. ` 2,50,000 invested in 12% less tax government securities.
- c. ` 2,50,000 invested in 12% tax free commercial securities.
- d. 9% Agra Municipal Bonds ` 1,00,000.
- e. 8% deposit in Canara bank ` 80,000.
- f. 10% Tamilnadu government loan ` 40,000.
- g. Dividend from equity shares ` 5,000.
- h. ` 31,840, 10% tax free commercial securities.
- i. ` 3,592 received as interest on Dee Ltd. Securities (listed).

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- j. Winnings from gambling `10,000.
- k. Family pension received `15,000.
- l. She received gift of immovable property, the stamp duty of which is `10,00,000 from her friend.
- m. Rent received from subletting the house ` 3,000.
- n. Royalty income received ` 8,000, he claimed ` 2,000 as expenditure, the assessing officer allowed 50% of the expenditure.

20. From the following particulars of income of Mr. David, compute his total income for the previous year 2014-15:

a. Salary income	42,000
b. Income from house property	
House A	15,000
Loss from House B	17,000
Loss from House C	21,000
c. Profits and gains of business or profession	
Profits from business A	8,000

Loss from Business B	18,000
Profit from Business C –speculative	11,000
Loss from Business D – speculative	23,000
d. Capital Gains	
Short term capital gain	6,000
Short term capital loss	28,000
Long term capital gain on sale of building	12,500
e. Income from other sources	
Income from card games	8,000
Loss from card games	7,010
Loss on maintenance of race horses	6,000
Interest on securities	4,000

21. Compute the taxable income and tax liability of Mr.Sunil for the Assessment year

2015-16 :

a. Income from business	90,000
b. Interest on post office savings bank account	10,000
c. Share of profit from partnership firm	66,000
d. Short term capital gains on sale of land	72,000
e. Long term capital gains on sale of house property	3, 60,000
f. Share of income from HUF in which he is a member	24,600
g. Winnings from camel race	30,000
h. Interest on bank deposits in his name ` 12,000 and in the name of his minor son ` 1,300	
i. Expenses incurred for the treatment of his handicapped dependent brother ` 1, 26,000.	
j. Repayment of interest on loan taken for part time studies for graduate course in Management ` 30,000.	
k. Donation to Prime minister's national relief fund ` 60,000.	

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