

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

SUBJECT CODE: 11CM/MC/BT64

B.Com.(CS) DEGREE EXAMINATION APRIL 2016
CORPORATE SECRETARYSHIP
SIXTH SEMESTER

COURSE : MAJOR CORE
PAPER : BUSINESS TAXATION
TIME : 3 HOURS

MAX. MARKS: 100

SECTION – A

ANSWER ALL QUESTIONS IN 50 WORDS:

(10 x3 = 30)

1. Define person.
2. What is Gross annual value?
3. What are tax-free commercial securities?
4. What is a voluntary return of income?
5. What is excise duty?
6. Mr. George after about 26 years of stay in India, left for England on 10-4-2014 and returned to India on 15-4-2015 to take up a salaried appointment. What is his residential status for the previous year 2014-15?
7. Compute taxable H.R.A. of Mr. Ram, working in Chennai. Basic salary-Rs.3,000 p.m. HRA received-Rs. 700 p.m. Rent paid-Rs.400 p.m.
8. Compute Net Annual value:
MRV - Rs.75,000. SR - Rs.90,000. ARR - Rs.1,20,000. The owner bears the following expenses:
Lift maintenance - Rs.5,000 and Gardeners salary - Rs.2,000.
Municipal taxes paid by owner-Rs.2,000.
9. Mr. M purchased an asset in 2003-04 for Rs.3,04,500. During the previous year it was sold for Rs.7,00,000. Expenses in connection with transfer are Rs.1,000. Compute capital gain. (CII-2003-04=463, 2014-15=1024).
10. Mr. Z received Rs.8,000 as winnings from lottery, Rs.2,000 as interest from post office savings account, and Rs.51,000 as gift from a friend. Compute his income from other sources.

SECTION – B

ANSWER ANY FIVE QUESTIONS:

(5 x 8 = 40)

11. Distinguish between tax evasion and tax planning.
12. Explain the different types of assessment.
13. What are the transactions exempt from excise duty?
14. Mr. X receives salary of Rs.9,000 p.m. and D.A. of Rs.5,000 p.m. He also receives the following allowances:

- a. Lunch allowance Rs.100 p.m.
- b. Medical allowance Rs.500 p.m.
- c. Transport allowance Rs.16,000 p.a.
- d. Children education allowance for 3 of his children @ Rs.90 p.m. per child.
- e. hostel expenditure allowance for two of his children @ Rs.500 per child.

Compute his taxable salary.

15. Mr. R is the owner of a house property. From the following particulars, compute income from house property.

Fair rent	- Rs. 90,000.
Standard rent	- Rs.70,000.
Municipal value	- Rs.80,000.
Annual Rent	- Rs. 96,000.
Vacancy period	- 2months.
Municipal tax paid by the owner	- Rs.8,000.
Municipal tax paid by tenant	- Rs1000.
Interest on loan paid for construction	- Rs.10,000.
Expenses on repairs of the house	- Rs. 5,000.

16. The following are the particulars of income of Mr. P for the previous year ended 31-3-2015.

Loss from house property-	6,000
Interest received on sundry advances	3,000
Cloth business income	70,000
Loss in speculation	3,200
Dividends	5,000
Short term capital gain	1,500
Long term capital loss	21,000

The following items have been brought forward from previous year 2013-14.

Business loss - Rs.10,000. Unabsorbed depreciation - Rs. 2,000.

Compute the gross total income of Mr. P.

17. Mr. X is a resident individual. His income from business is Rs.8,00,000. During the previous year, he makes the following payments:

1. Pension fund of LIC	- Rs.40,000
2. Mediclaim by cheque	- Rs.18,000
3. Donation to C.M.earthquake relief fund	- Rs.20,000
4. Donation to Jawaharlal Nehru fund	- Rs.10,000.
5. Expenditure incurred on treatment of physically handicapped dependent sister	- Rs.60,000.

Compute his total income.

SECTION – C

ANSWER ANY TWO QUESTIONS:

(2 x 15 = 30)

18. The following are the particulars of salary income of Mrs. G, working in Pune (population 18 lakhs).

Basic pay Rs. 8000 p.m.
 Dearness allowance Rs. 2000 p.m. (enters into service benefits)
 Bonus Rs. 8000.
 Entertainment allowance Rs. 500p.m.
 Rent free accommodation provided by the employer, the FRV of which is Rs.20,000 p.a. The cost of furniture provided there is Rs.10,000. The company has also provided a gardener and cook, each of whom is paid a salary of Rs.250 p.m and Rs.100 p.m. respectively.
 Her contribution to RPF is at 15% of salary.
 Employers contribution to RPF is Rs.15,000 p.a.
 Interest credited to RPF at 9.5%p.a. amounted to Rs.1,900.
 Free use of large motor car (more than1.6 ltr) for both official and personal purposes along with driver is provided by the employer.
 Professional tax paid Rs.2000.
 Compute the taxable salary of Mrs. G.

19. From the following Profit and Loss account of Mr. Z, a sole-trader, compute his business income for the previous year 2014-15.

Particulars	Rs.	Particulars	Rs.
To general expenses	18,000	By gross profit	89,000
To staff salaries	7,000	By bad debts recovered	1,000
To bad debts	3,000	By income tax refund	4,500
To depreciation	4,000	By dividend on shares	8,000
To advertisement	5,000	By rent from house property	5,000
To income tax appeal	11,000		
To fire insurance premium on stock	2,000		
To donation	7,000		
To patents purchased on 1-5-2014	10,500		
To audit fees	1,000		
To provision for doubtful debts	3,800		
To life insurance premium	5,200		
To net profit	30,000		
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- (i) Income-tax appeal includes Rs.1,000 expenses on sales tax proceedings.
- (ii) Bad debts recovered were disallowed earlier.
- (iii) Depreciation on assets other than patents is Rs.4,800.
- (iv) Staff salary includes Rs.2,000 as pension to the widow of a former employee.

Compute business income.

20. Mr. M sold the following properties during the previous year 2014-15.

- a) Household furniture costing Rs.8000, purchased in 1972, sold for Rs.20,000 in August2014.
- b) One diamond necklace costing Rs.1,00,000 purchased in April1981, sold for Rs.16,00,000 in May2014.

- c) One house in Bangalore bought in 1991-92 for Rs.1,50,000 was sold in Jan2015 for Rs.70,00,000. Expenses on sale, Rs,25,000. In 1997-98, he spent Rs.50,000 for constructing the second floor of the house.
- d) He sold a plot of urban agricultural land at Pondicherry in June2014 for Rs.2,50,000 The land sold was purchased in June 1982 for Rs.30,000.Expenses on purchase of land amounted to Rs.2000.
- e) He purchased a building on sept.20,2012 for Rs.90,000. The asset is transferred on Jan15, 2015 for Rs.2,50,000 and the brokerage on sales is Rs.5,000.

Compute his taxable capital gains. (CII: 81-82=100, 82-83=109, 97-98=331, 91-92=199, 2012-13=852, 2014-15=1024).

21. From the following details, find out income from other sources.

a. Interest on deposit with a company,	Rs.10,000
b. Interest from bank,	Rs.5,000
c. Dividend,	Rs.6,000 (collection charges Rs.50)
d. Family pension received,	Rs.24,600
e. Rent from vacant land,	Rs.4,800
f. Rent from machineries, Rs. 26,000 (Bank collection charges Rs.380, insurance premium Rs.1060, depreciation, Rs.1,400)	
g. Royalty income	Rs.18,000 (expenses Rs.2,000)
h. Interest received from central government securities, Rs.8,880.	
i. interest received on unlisted securities,	Rs.7,200.
j. Income from undisclosed sources,	Rs.10,000.

