

STELLA MARIS COLLEGE (AUTONOMOUS) CHENNAI – 600 086.
(For candidates admitted during the academic year 2015 – 2016 and thereafter)
SUBJECT CODE: 15CM/ME/BT55
B.Com. (C.S) DEGREE EXAMINATION NOVEMBER 2018
CORPORATE SECRETARYSHIP
FIFTH SEMESTER

COURSE : MAJOR – ELECTIVE
PAPER : BUSINESS TAXATION
TIME : 3 HOURS

MAX. MARKS: 100

SECTION A

Answer ALL questions

(10 x 2 = 20 marks)

1. What is meant by Assessment Year?
2. What is unrealised rent?
3. Write short notes on Minor's Income.
4. What is Customs Duty?
5. What is meant by Goods and Service Tax (GST)?
6. Mr. Ravi an Indian Citizen goes to Singapore for employment during the previous year 2017-18 on 1.09.17. He was in India from his birth during the year 1987. Identify his residential status.
7. X made the following expenditure on scientific research upto 31st March 2018.
 - a) On December 21, 2017, X paid Rs.60,000 to the I.I.T. Chennai for carrying out research in social and statistical science.
 - b) On July 20, 2017, X also purchased a plot of land for Rs.6,00,000, Later on a building for research was constructed at a cost Rs.30,00,000.Determine the amount of deduction available.
8. Mr. Karthikeyan acquired a house property on September 20, 2016 for Rs.90,000. The asset is transferred on January 15, 2018 for Rs.2,50,000 and the brokerage paid on sales is Rs.5,000.
Compute capital gain.
9. Shri. Venumadhav gives the following particulars of his income for the previous year ending March 31, 2018.
Winning from Lottery on January 1, 2018: net amount : Rs.49,000
Winning from Card games : Rs.16,000.
Determine the income chargeable for the previous year 2017-18.
10. Mr. Raja's previous year's gross total income is Rs.4,50,000. He has made the following donations. Calculate his net income.

	Rs.
a) Jawaharlal Nehru Memorial Fund	12,000
b) Rajiv Gandhi Foundation	8,000
c) Africa Fund	15,000
d) Indira Gandhi Memorial Fund	14,000

SECTION B

Answer any FIVE questions.

(5 x 8 =40 marks)

11. State the provisions of the Income Tax Act regarding Gratuity.
12. Explain the provisions relating to "Set off of losses".
13. What is Customs duty? Explain the provisions relating to levy and collection.

14. From the following investments and other income of Mr. Akilesh, compute income from other sources.
- Rs.31,840, 10% tax free commercial securities.
 - Rs.6,286 received as interest on tax free Public Ltd.Co., securities(listed).
 - Rs.3,592 received as interest on Deepak fertilizer (listed).
 - Dividend received Rs. 10,000 from Indian Company.
 - Amount received from Karnataka Lottery Prize Rs.34,700.
 - Director fees received Rs.4,000.
 - Royalty income by writing books Rs.40,000 (Expenses claimed and allowed Rs.4,000).
 - Family pension received Rs.36,000.

15. From the particulars given below, compute income from house property for the assessment year 2018-19.

Date of completion	: 1-11-92
Municipal rental value	: Rs.36,000
Fair rental value	: Rs.30,000
Self occupied	: 2/3 portion
Let out	: 1/3 portion, from 1.4.2017 to 31.8.2017 at Rs.1,000 p.m. and self-occupied from 1-9-17 onwards
Municipal taxes	: Rs.3,000 p.a.
Fire insurance premium	: Rs.2,400 p.a.
Ground rent	: Rs.4,200 p.a.
Interest on loan	: Rs.7,500 p.a.

16. Calculate income from profession from the following receipts and payments given by Mr.Abdul.

Receipts	Rs.	Payments	Rs.
Balance b/d	1,20,000	Car expenses	24,000
Fee from client:		Office expenses	6,000
2016-17	25,000	Salary to staff	7,000
2017-18	30,000	Interest on loan	1,000
2018-19	32,000	Income tax	1,500
Gifts from client	20,000	Income tax penalty	600
Winning from Lottery	24,000	Wealth tax	250
		Purchase cost	5,000
		Balance c/d	2,05,650
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	2,51,000		2,51,000
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- Depreciation of Rs.2,500 is to be provided.
 - Consider Rs.1,500 as opening stock and Rs.1,000 as closing stock.
 - Car is 60% used for office purposes.
 - Income from other sources Rs.30,000.
17. Compute capital gain/ loss from the following information:
- Mr. Z acquired a plot of land on 30.6.2006 (CII:122) for Rs.3,20,000 and spent Rs.1,40,000 on its registration and brokerage etc. The plot was sold for Rs.40 lakhs on 30.8.2017 (CII:272).
 - He acquired a building on 1.12.2016 for Rs, 15,00,000 which was sold on 25.3.2018 for Rs, 17,80,000.

- c. A factory building costing Rs. 12,00,000 was purchased on 1.1.2010, WDV on 1.4.2017 was 3,80,000. Additions made during the year was 5,00,000 and it was sold on 29.9.2017 for Rs. 5,00,000.
18. From the following particulars of income of assesseees A,B and C, how the capital losses shall be set off and C/F for the previous year ending on 31.3.2018.
- A
- i) Business income Rs.15,000
 - ii) Short term capital loss Rs.1,200
 - iii) Long term capital gain (shares) Rs.7,200
 - iv) Long term capital loss on sale of jewellery Rs.20,000
- B
- i) Business income Rs.30,000
 - ii) Short term capital loss Rs.40,000
- C
- i) Business income Rs.60,000
 - ii) Short term capital gain Rs.20,000
 - iii) Long term capital gain (land) Rs.17,000
 - iv) C/F loss (short term capital assets) Rs.50,000.

SECTION C

Answer any TWO questions.

(2 x 20 =40marks)

19. What are the basic conditions for Levying Excise Duty ? Explain the types of Excise Duty.
20. Mrs. X, an employee of Tamilnadu Government submits the following information relevant for the assessment year 2018-19.
- Salary: Rs.86,000, Entertainment allowance : Rs.8,000, Bonus Rs.10,200, Education allowance Rs.4,000 (for her grand children). Income tax penalty paid by employer: Rs.2,000. Medical expenses reimbursed by employer: Rs.2,000. Leave travel concession: Rs.1,000, Free residential telephone Rs.4,000, Free refreshment during office hours Rs.4,000. Payment of electricity bills by employer: Rs.1,060. Reimbursement of gas bills Rs.1,000, Professional Tax paid by employer: Rs.300, Professional tax paid by Mrs.X: Rs.150. Mrs.X is provided with a car of more than 1.6 litre for both personal and official use and expenses of maintaining and running the car with chauffeur are borne by the employer. Compute her gross salary.
21. Jaffir presents the following particulars relating to his business for the current assessment year: 2018-19.

Trading & Profit and Loss Account

Particulars	Rs.	Particulars	Rs.
To opening stock	24,000	By sales	1,29,875
To purchases	80,000	By closing stock	39,950
To wages	30,000	By sale of car	22,000
To fuel, oil etc.	10,000	By gift from mother	20,000
To rent	8,000	By dividends (Net)	4,000
To salaries	16,000	By income tax refund	1,750
To repairs of car	5,000	By compensation from a competitor for refraining from carrying on a competing business	10,000
To depreciation of car	4,000	By bad debts recovered	2,000
To general expenses	12,000		

To income tax including advance tax	5,000		
To amount paid to a university for scientific research	10,000		
To net profit	<u>25,575</u>		
	2,29,575		<u>2,29,575</u>

Additional Information:

- a) Motor car was purchased in July 1999 for Rs.24,000. Allowable rate of depreciation is 15%. The car was sold in March 2018 for Rs.22,000.
 - b) $\frac{3}{4}$ of Motor car was used for personal work and $\frac{1}{4}$ for business work.
 - c) Premises rented by Jafir are one-half used for business and one-half for own residence.
 - d) General expenses include Rs.600 being expenses on Jafir's medical treatment, Rs.600 on charities and wealth tax Rs.4,000.
 - e) Salaries include Rs.4,800 drawn by Jafir himself.
 - f) Bad debts recovered were earlier disallowed as deduction.
 - g) Opening stock is over valued by 20%.
 - h) Closing stock is over valued by Rs.950.
 - i) Wages include Rs.5,000 incurred as Family Planning expenditure among employees. (Rs. 3,000 being capital expenditure)
 - j) Amount paid to University is for carrying out a programme of scientific research.
- Compute Business Income.

22. A, who is a lecturer in a college, is getting a salary of Rs.19,500 per month plus 40% of Salary as dearness allowance. He contributes 10% of his salary to recognised Provident Fund to which the college contributes an equal amount. He is also a hostel warden and is provided with rent-free quarters the annual rental value of which is Rs.36,000. He owns a Bungalow which is let out for Rs.16,000 per month and for which he pays Municipal taxes amounting to Rs.6,000 per annum. During the year ended 31st March, 2018, he earned the following incomes:

- i) 15% dividend on shares of Rs.15,000 in the Hindustan Chemicals Ltd.
 - ii) Received Rs.70,000 (gross) as winnings from Punjab state lottery.
 - iii) 10% interest on Rs.28,000 invested in Government securities.
 - iv) 9% interest on debentures of Rs.15,000.
 - v) Rs.1,505 as dividend on the units of Unit Trust of India.
 - vi) He has insured his life for Rs.45,000 and paid Rs.4,250 by way of premium on his life policies during the year ended 31st March, 2015.
 - vii) He paid Rs.26,000 to Punjab University Chandigarh for research in the field of Bio-sciences.
 - viii) He invested Rs.8,000 in a pension fund set up by L.I.C.
- You are required to ascertain his Total Income.
