



LOYOLA COLLEGE (AUTONOMOUS), CHENNAI – 600 034

B.Com. DEGREE EXAMINATION – CORPORATE SECRETARYSHIP

SIXTH SEMESTER – APRIL 2022

16/17/18UBC6MC03 – INCOME TAX - II

Date: 20-06-2022

Dept. No.

Max. : 100 Marks

Time: 01:00 PM - 04:00 PM

PART – A

Answer ALL Questions

(10x2=20)

- State whether the following expenses are admissible or inadmissible while calculating the income from business.
 - Amount spent on fixing of Neon sign board
 - Penalty paid for violating rules
- What is Business Income?
- Write the format of calculating professional income of a lawyer.
- Define inadmissible deductions.
- Mr. 'K' received the following incomes during 2020-21. Compute his income under the head income from other sources:

(a) Winnings from Sikkim Lottery received	Rs. 1,05,000
(b) Winnings from Horse race (Amount won)	Rs. 2,000
- What is set-off and carry forward?
- Mr. Varun furnishes the following information.

Salary income (Computed)= Rs.42,000

Income from House Property:

House Property A:	Rs.38,000 (Income)
House Property B:	Rs. 18,000 (Loss)
House Property C:	Rs. 20,000 (Loss)

Calculate his total income for the assessment year 2021-2022
- List out the deductions that comes under section 80 D.
- Compute the tax liability of Mr. Sundar if his taxable total income of an individual is Rs. 1,50,000
- What is Gross Total Income?

PART – B

Answer any FOUR Questions

(4x10=40)

- Mr. Arul has given you the following P&L account for the year ended 31st March 2021. Compute his taxable income from business for the AY 2021-22.

Particulars	Amount	Particulars	Amount
To opening stock	40,000	By sales	1,60,000
To purchases	1,00,000	By closing stock	50,000
To preliminary expenses	10,000		
To bad debt	3,000		
To provision for bad debts	2,000		
To income tax	3,000		

To wealth tax	4,000		
To sales tax	5,000		
To donation	6,000		
To excise duty	1,000		
To net profit	36,000		
	2,10,000		2,10,000

12. The following is the Receipts and Payments account of Mr. Pratap an advocate for the year ended 31st March 2020.

Receipts	Rs.	Payments	Rs.
To Balance b/d	2,400	By Typewriter – 15%	8,000
To Fees from client: for 2017-18	30,000	By Office expenses	6,000
for 2018-19	3,000	By Salaries to staff	10,000
for 2019-20	10,000	By Interest on Loan	2,000
To Presents from clients	8,000	By Car expenses	5,000
To Loan from Bank for Professional purpose	15,000	By Income Tax	2,000
		By Life Insurance premium	4,000
		By Rent for the chamber	6,000
		By Balance c/d	25,400
	68,400		68,400

Depreciation of the Car is Rs. 5,000. The Car was used for 60% official and 40% private purposes. Compute his income from profession.

13. Mention the items that has to be disallowed with reasons to calculate the business income

14. Shri. Rajan holds the following investments:

1. Rs. 1,00,000, 10% Central Government securities purchased on 1st April 2020.
2. Rs. 2,00,000, 15% Debentures of a Ltd. Company purchased on 1.1.2020.
3. Rs. 1,50,000, 12% securities of a Paper Mill Co., purchased on 1.3.2020. These securities were sold on 1.9.2020.
4. Rs. 2,50,000, 10% securities of Z Ltd. Purchased on 1.2.2020 and disposed off on 2.10.2020.
5. Rs. 1,25,000, 10% securities of XYZ Ltd. acquired on 1.12.2020, and disposed of on 1.3.2021.

Compute the interest income of Mr. Rajan for the AY 2021-2022, if interest is payable on 31st July and 31st January each year.

15. Explain the provisions relating to set-off and carry forward of losses.

16. Mr. Jaffer is employed in India mills Limited as general manager on a monthly salary of Rs.5,000 along with a DA of Rs. 1000 per month. During the year he incurred Rs.2000 on entertainment of the customers and Rs.1,200 on purchase of books. His other incomes are as follows:

- i) Interest on fixed deposit in State Bank of India Rs.1800.
- ii) Remuneration for examining answer book from Delhi University Rs.46,000.
- iii) Won a prize of Rs.25,000 in a weekly journal cross-word puzzles.
- iv) Casual income of Rs.23,000 was earned.
- v) Royalty received in respect of books Rs.11,800. He claims an expenditure of Rs.3,025.
- vi) Dividend on 1,000 equity shares of Rs.10 each at 10%

vii) Dividend in respect of 100 preference shares at Rs.8 per share. He has paid Rs.25 as collection charges to his bankers.

You are required to calculate his gross total income for the current assessment year. Jaffer has the following savings during 2020-2021

- a) Housing loan repayment= Rs. 60,000 principal amount
- b) LIC premium Rs.20,000
- c) PPF= Rs.30,000

17. What is total income and explain the computation of tax liability of individuals.

PART – C

Answer any TWO Questions

(2x20=40)

18. From the following P&L account of Mr. Kasilingam, Compute his taxable income from business for the P.Y. 2020-21.

Particulars	Amount	Particulars	Amount
To opening stock (Undervalued by 25%)	60,000	By sales	75,000
To wages	14,000	By closing stock (Undervalued by 20%)	50,000
To factory expenses	23,000	By bad debts recovered (Allowed earlier)	40,000
To office expenses	24,000	By Commission	14,000
To printing expenses	2,000	By Profit on sale of investment	6,000
To telephone expenses	3,000		
To sales tax	1,500		
To wealth tax	2,500		
To Income tax	1,200		
To Value Added Tax	1,300		
To net profit	52,500		
	1,85,000		1,85,000

19. Dr. Satish is a Medical practitioner. He gives you the following summary of Cash book for the year ending 31-3-2020.

Receipts	Rs.	Payments	Rs.
To Balance b/f	10,000	By Rent of Clinic	18,000
To Consultation fee	60,000	By Purchase of Medicine	38,000
To Visiting fee	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 from U.T.I.	6,000	By Purchase to Motor car	1,40,000
To Life Insurance maturity	1,00,000	By Household expenses	7,000
To Dividend from N.D.S.	6,000	By Closing balance	2,000
	2,77,000		2,77,000

Other information:

1. 50% of the Motor car expenses are incurred in connection with profession. Car was purchased in December 2019.
2. Household expenses include Rs. 6,000 insurance premium.
3. Gift and presents include Rs. 3,000 from relatives.
4. Closing stock of medicine Rs. 12,000 and opening stock on 1-4-2019 was Rs. 4,000.

Compute his professional gain for the AY 2020-21.

20. What is meant by deductions from total income? Explain any eight of such deductions which you feel the best way to show as deductions while filing the tax return.

21. Mrs. Padmini was employed in a Public Sector undertaking for a number of years. During the previous year relevant to the assessment year 2021-22, the following amount were received by her:

Particulars	Amount
Salary for 10 months ending with January, 2020	50,000
H.R.A.	10,000
Children education allowance (for 2 children)	5,000
Reimbursement of medical expenses (limited to Rs. 500 p.m.)	5,000

On 1st February, 2018 she opted for voluntary retirement under a scheme, a sum of Rs. 4,25,000 was received in toto under the scheme.

She owns a house which she had let out for Rs. 500 p.m. she is living with her family in a house owned by her husband. Business Income is Rs. 4,00,000.

No other income was derived by her. Compute the gross total income of Mrs. Padmini, assuming that salary is due on the last day of the month. Also find her tax liability. She has paid Rs. 70,000 as college tuition fees for her 2 children. She has two LIC policies: one being Rs. 10,000 premium the other being Rs. 45,000.

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