

Roll No



**PRESIDENCY UNIVERSITY
BENGALURU**

**SCHOOL OF COMMERCE
MID TERM EXAMINATION - APR 2023**

Semester : Semester IV - 2021

Course Code : COM3025

Course Name : Sem IV - COM3025 - Income Tax 2

Program : BCM&BCH

Date : 15-APR-2023

Time : 11.30AM - 1PM

Max Marks : 50

Weightage : 25%

Instructions:

- (i) Read all questions carefully and answer accordingly.*
 - (ii) Question paper consists of 3 parts.*
 - (iii) Scientific and non-programmable calculator are permitted.*
 - (iv) Do not write any information on the question paper other than Roll Number.*
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PART A

ANSWER ALL THE QUESTIONS

(5 X 2 = 10M)

1. What do you mean by Mercantile system of Accounting?
(CO1) [Knowledge]
2. What is meant by Block of assets?
(CO1) [Knowledge]
3. Define Profession.
(CO1) [Knowledge]
4. What is LTCG?
(CO2) [Knowledge]
5. What is Short term Financial Assets?
(CO2) [Knowledge]

PART B

ANSWER ALL THE QUESTIONS

(2 X 10 = 20M)

6. A. Smt Chamundeshwari (aged 45 years), a resident of Mysore runs a cloth business. Her P/L a/c for year ending 31/3/2022 was as follows:

| Particulars | Rs. | Particulars | Rs. |
|------------------------|------------|--------------------|------------|
| To Salary to Staff | 10,00,000 | By Gross Profit | 30,00,000 |
| To Rent, Rates & Taxes | 6,00,000 | By Interest on | |
| To General Expenses | 8,00,000 | Post Office SB a/c | 40,000 |
| To Net Profit | 6,40,000 | | |
| | ----- | | ----- |
| | 30,40,000 | | 30,40,000 |

Salary includes proprietor's salary Rs1,20,000 and general expenses includes Rs2,00,000 spent for daughter's wedding.

Compute taxable income from business for the Assessment Year 2022-23. 5 Marks

B. State the admissibility of the following expenses while computing profits and gains of business.

i. Income tax paid Rs20,000.

ii. Sales tax paid during the year Rs30,000.

iii. Interest on loan taken for daughter's marriage Rs10,000.

iv. Loss due to robbery Rs80,000.

v. Legal expenses Rs5,000 to defend the assessee's title to his personal asset. 5 Marks

(CO1) [Comprehension]

7. From the following particulars furnished by Mr Vikas, compute his income from capital gain for the A.Y.2022-2023.

Date of purchase of house property – 1-12-2001

Cost of acquisition Rs2,50,000

Fair Market Value as on 1-4-2001 is Rs3,50,000

Cost of addition in 2011-12 Rs77,700

Sale proceeds in 2021-22 Rs27,00,000

Cost Inflation Index: 2001-02 -100

2011-12-184

2021-22-317

(CO2) [Comprehension]

PART C

ANSWER THE FOLLOWING QUESTION

(1 X 20 = 20M)

8. Following is the Profit and Loss A/C of Mr Shivakumar, a merchant for the year ending 31/3/2022. Compute income from business for the A.Y.2022-23.

| Particulars | Rs | Particulars | Rs. |
|---------------------------|-----------|-----------------------|------------|
| To rent | 60,000 | By gross profit | 5,23,000 |
| To rates | 6,000 | By interest on | |
| To salary to staff | 54,000 | investments | 28,000 |
| To Diwali pooja expenses | 2,000 | By rent from property | 24,000 |
| To interest on loan | 1,25,000 | By sundry income | 16,000 |
| To sundry expenses | 55,000 | By commission | 37,000 |
| To bad debts | 6,000 | | |
| To charity | 1,000 | | |
| To RBD | 2,000 | | |
| To entertainment expenses | 8,500 | | |
| To loss by theft | 14,000 | | |
| To net profit | 2,94,500 | | |
| | ----- | | ----- |
| | 6,28,000 | | 6,28,000 |
| | ----- | | ----- |

Additional Information:

1. Salary to staff includes salary of Rs24,000 of a son who is a B Com student who casually helps in business.
2. Rent includes Rs12,000 of a shop belonging to the assessee himself.
3. A loan of Rs60,000 @ 15% p.a. borrowed for business is taken from his wife out of funds advanced by him and interest is included in interest on loan.
4. Sundry expenses include Rs9,000 being expenses incurred on pilgrimage to Haridwar.
5. Entertainment expenses include Rs15,000 spent on tea of some guests of a local MLA.
6. He earned Rs40,000 in gold smuggling and not shown in books.
7. Rates includes Rs4,000 for the property let out.

(CO1) [Application]

