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**VI Semester B.Com. Examination, September/October 2022
(CBCS) (Fresh + Repeaters) (2017 – 18 and Onwards)**

COMMERCE

Accounting and Taxation Group

Elective Paper – III : Business Taxation

Time : 3 Hours

Max. Marks : 70

Instruction : Answer should be written **completely** in **Kannada** or in **English**.

SECTION – A

Answer **any five** sub-questions. **Each** sub-question carries **two** marks. **(5×2=10)**

1. a) Who is a working partner ?
- b) What is a widely held company ?
- c) What is Custom Duty ?
- d) Expand PAN and CIF.
- e) What is block of assets ?
- f) What is a resident firm ?
- g) What do you mean by self assessment ?

SECTION – B

Answer **any 3** questions. **Each** question carries **six** marks. **(3×6=18)**

2. Explain the objectives of customs duty.
3. What do you mean by limited liability partnership ? State its features.
4. From the following information, compute the assessable value :
 - a) Value of machine in UK pounds 64,000 FOB
 - b) Engineering and design charges paid – UK pounds 24,000
 - c) Freight paid (Air) – UK pounds 12,000
 - d) Insurance – Not known
 - e) Commission payable to local agent @ 2% of FOB in Indian Rupees.
 - f) The exchange rate announced by the Central Government is ₹ 68 per 1 UK pound.

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5. Mr. Hariwanth Ganesh estimated the following incomes relevant for the Assessment Year 2021 – 22.

- Computed income from House Property Rs. 70,000/-
- Computed income from business Rs. 4,30,000/-

Calculate advance tax payable.

6. A block of asset consist of 5 machines. The WDV of machinery as on 01-04-2020 is Rs. 1,80,000. Rate of depreciation is 15%. A new machine costing Rs. 1,60,000 was acquired in May 2020 but actually put to use only on 10-10-2020. Two old machines are also sold for Rs. 3,20,000 in Dec. 2020. Compute depreciation on block of assets for the A.Y. 2021 – 22.

SECTION – C

Answer **any 3** questions. **Each** question carries **fourteen** marks : **(3×14=42)**

7. Swathi and Sneha are partners sharing profit and losses equally. The following is the Profit and Loss Account for the year ending 31-03-2021.

Particulars	₹	Particulars	₹
Office expenses	3,00,000	Receipts from clients	10,60,000
Salary to employees	80,000	Interest recovered from Swathi and Sneha	5,000
Income tax	40,000	Interest from Govt. securities	5,70,000
Salary to Swathi	2,40,000	STCG	2,00,000
Salary to Sneha	2,64,000		
Interest on Capital Swathi @ 15%	15,000		
Interest on Capital Sneha @ 15%	20,000		
Net profit	8,76,000		
	18,35,000		18,35,000

Additional Information :

- Out of Office Expenses ₹ 25,000 is not deductible by virtue of Section 30 to 37.
- During the year the firm sells a Capital Asset for ₹ 10,00,000 (Indexed Cost of Acquisition being ₹ 2,00,000)

Find out the net income and tax liability of the firm for the A.Y. 2021 – 22.

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10. The following is the information of Z & Co. for the A.Y. 2021 – 22.

Particulars	Amount ₹	Particulars	Amount ₹
To Cost of goods sold	20,00,000	By Sales	28,00,000
" Tax relating to LTCG	6,000	" Long Term Capital	3,00,000
" Depreciation	1,70,000	Gain (Exempt u/s 10 (38)	30,000
" Proposed dividend	2,60,000	" Interest on	
" Income Tax	1,20,000	Government Securities	30,000
" Net profit	5,74,000		
Total	31,30,000	Total	31,30,000

Additional Information :

- Depreciation allowable for the year as per Income Tax Act is ₹ 1,00,000.
- Brought forwarded Business Loss as per books of accounts is ₹ 2,50,000.
- Brought forwarded Unabsorbed Depreciation is ₹ 1,10,000.

Compute :

- Total Income of the company under normal provisions.
- Tax liability of the company.
- Tax payable u/s 115 – JB.

11. A person makes an Unauthorized Import of 10,000 pieces of Ophthalmic Rough Blanks CIF priced at 1 dollar per piece by Air from USA (Tariff heading 53.15.10). The Consignment is liable to be confiscated Import is adjudicated, Assistant Commissioner gives to the parties an option to pay fine in lieu of confiscation. It is proposed to impose fine equal to 50% of margin of profit. The market price is ₹ 100 per piece of ophthalmic rough blank. The rate of duties as per basic customs 10%, SWS as applicable and IGST 18%. Exchange rate is 1 US \$ = ₹ 60, Compute :

- Amount of fine
- Total amount payable by party to clear the consignment, what is the maximum amount of fine that can be imposed in this case ?



8. M/s Hariwanth imported a Machine for 20,000 dollars from USA. From the following information calculate assessable value and customs duty payable.

- a) Packing charges 480 dollars.
- b) Design and development charges 1200 dollars.
- c) Insurance 200 dollars.
- d) Freight charges through air 640 dollars.
- e) Commission paid to a broker who arranged the transaction 400 dollars.
- f) Exchange rate specified by board one dollar = Rs. 70.
- g) Basic customs duty 10%.
- h) IGST @ 18%.
- i) Social Welfare Cess applicable at 10% on BCD.

9. X Ltd., is a company in which public are substantially interested. It showed a Net Profit of Rs. ₹ 15,00,000 during 2020 – 21, scrutiny of the accounts revealed the following :

Debits of P/L Account :

- a) Donation paid to approved Public Charitable Trust Rs. 40,000.
- b) Provision for Income Tax ₹ 2,00,000.
- c) Family Planning Expenses ₹ 50,000.
- d) Capital expenditure on Family Planning ₹ 2,00,000.

Credits to P/L Account :

- a) Bad debts allowed earlier recovered during the previous year ₹ 20,000.
- b) Interest on Bank Deposits ₹ 60,000.
- c) Long Term Capital Gain ₹ 2,00,000.
- d) Dividend from Indian company ₹ 40,000 (gross)

There was :

- a) Unabsorbed Depreciation ₹ 70,000 and
- b) Unabsorbed Capital Loss ₹ 80,000 brought forward from the earlier Assessment Year.

Compute Total Income and Tax Liability of the company for the Assessment Year 2021 – 22.