



US – 502

VI Semester B.Com. Examination, May 2017
(Semester Scheme) (Repeaters) (2014-15 and Onwards)
COMMERCE
Paper – 6.5 : Elective Paper – III
Business Taxation – II

Time : 3 Hours

Max. Marks : 100

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

SECTION – A

1. Answer **any ten** sub-questions. **Each** carries **two** marks. (10×2=20)
- a) What is point of taxation in service tax ?
 - b) Name any two declared services.
 - c) What is Reverse charge in service tax ?
 - d) Expand PFAS and AOP.
 - e) Distinguish between Eligible firms and other firms.
 - f) Define partnership firm.
 - g) What is domestic company ?
 - h) Give the meaning of widely held company.
 - i) What is tax credit under MAT ?
 - j) What is GST ?
 - k) List any two taxes that will be subsumed under GST.
 - l) What is GST council ?

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SECTION – B

Answer **any four** questions from the following. **Each** carries **eight** marks. (4×8=32)

2. Write the administrative structure of Service Tax.
3. Briefly explain the key features of proposed GST model.
4. State whether the following are admissible or inadmissible expenses under the provisions of Income Tax Act :
 - a) Contribution made by company to staff welfare fund.
 - b) Service tax paid.
 - c) Capital expenditure paid.
 - d) Depreciation of Rs. 80,000 is debited to P and L A/c on Sri Krishna Temple which is constructed inside the factory premises for the benefits of employee of the company.
 - e) Payment of licence fees for obtaining franchise.
 - f) A cash payment of Rs. 37,000 paid to a supplier of raw materials on a day on which the books were closed on account of in-definite strike.
 - g) Expenditure incurred towards current repairs in a business.
 - h) Annual listing fees paid towards stock exchange by a company.
5. Lavanya Ltd., is engaged in the business of manufacture of refrigerators since 1999. The following assets are acquired during 2015-16 :

Particulars	Plant and Machinery		
	Block I	Block II	Block III
Rate of depreciation	15%	40%	60%
W.D.V. as on 1-4-2015	2,50,000	3,75,000	5,00,000
Additions of Plants (New) during the previous year 2015-16	3,75,000	2,50,000	2,00,000
Date of acquisition and being put into use	Aug. 2015	June 2015	Jan. 2016

Find out the following :

- a) Additional and normal depreciation.
- b) Depreciated value of the blocks on 1st April, 2016.



6. Govind and Balaji are working partners in a professional firm which satisfies all conditions of Sections 184 and 40(b) of IT Act. They share profits and losses in the ratio of 4 : 1.

Profit and Loss A/c of the firm for the year ending 31-3-2016 :

Particulars	Rs.	Particulars	Rs.
To General expenses	1,36,000	By Gross Profit	11,70,000
" Interest on capitals of partners	1,50,000		
" Donation to NDF	50,000		
" Salary to partners	5,70,000		
" Depreciation	60,000		
" Net Profit	2,04,000		
	11,70,000		11,70,000

Other information :

- General expenses to the extent of Rs. 37,000 is not deductible.
- Interest on capitals to partners is in excess of Rs. 30,000.
- Depreciation allowable as per IT rules works out to Rs. 65,000.

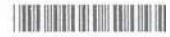
Compute the permissible amount of remuneration to partners.

SECTION – C

Answer **any three** questions from the following. **Each** carries **sixteen** marks. (3×16=48)

7. Mr. Pugal provides the following services (inclusive of Service Tax) for the month of Jan. 2016. Compute the value of taxable services and service tax liability for the Assessment Year 2016-17 :

Particulars	Rs.
a) Services provided to RBI	2,50,000
b) Selling of space for advertisement in a newspaper	76,250



c) Advance received from his client for the services to be rendered to make the crops ready for retail market	1,36,500
d) Services relating to education	78,500
e) Received from a client for the services rendered in Nov. 2015 for which invoice was raised and issued to him on 28 th Nov. 2015	1,32,650
f) Services rendered by supply of labour for agricultural purpose	80,700
g) Free services rendered to his relatives and friends	95,850
h) Placement services	1,65,900
i) Services by way of training in recreational activities	97,850
j) Health care services	68,250
k) A bill was raised and issued to his client for services rendered but no payment is received (Date of bill is 16 th Jan. 2016)	3,75,000
l) Part payment of Rs. 22,500 was received from a client in respect of service rendered	75,600
m) Renting of agro machinery for agricultural purpose	6,10,000
n) Services rendered in Jammu and Kashmir	70,000

8. The following is the Profit and Loss Account of P Co. :

A firm of P, Q and R which satisfies all conditions of Section 184 and 40(b) for the year ending March 31, 2016 is as follows :

Particulars	Amount	Particulars	Amount
	(Rs.)		(Rs.)
Cost of goods sold	23,95,000	Sales (Commission agency	
Remuneration to Partners		business)	33,00,000



P	3,00,000	Rent of house property	
Q	4,50,000	(Half portion)	25,000
R	27,500	Interest on debentures	
Income tax	4,000	(non-trade investment)	30,000
Interest to partners @ 13.5%			
P	20,000		
Q	5,000		
R	30,000		
Municipal tax of house			
property (entire property)	2,500		
Other expenses	1,05,000		
Net Profit	16,000		
	33,55,000		33,55,000

Other information :

- Out of the other expenses Rs. 24,250 is not deductible under Section 36, 37(1) and 43B.
 - On January 15, 2016, the firm pays on outstanding sale tax liability of Rs. 1,461 of the previous year 2014-15. As this amount pertains to the previous year 2014-15, it has not been debited to the aforesaid profit and loss account.
 - Z is not a working partner.
 - The firm owns a house, the ground floor is used for business purposes, the first floor is given on rent. Municipal tax is paid on May 10, 2016.
- Find out the net income of the firm (and tax treatment of payments to partners in their hand) for the assessment year 2016-17.



9. Compute the taxable income of Mrudula Ltd., for the previous year 2015-16 from the following profit and loss account :

Particulars	Amount (Rs.)	Particulars	Amount (Rs.)
Salaries	25,000	Gross Profit	2,50,000
Bonus	25,000	Interest	5,000
Postage and stationery	15,000	STCG	7,500
General expenses	10,000		
Depreciation	12,500		
Income tax	25,000		
Provision for income tax	1,00,000		
Net Profit	50,000		
	2,62,500		2,62,500

Adjustments :

- The amount of depreciation admissible under the IT Act is Rs. 7,500.
 - The amount of interest is from Govt. Securities.
 - The General expenses includes Rs. 2,500 for advertising, Rs. 1,000 for charitable donation, Rs. 1,500 paid for exchanging the old car for a new one and Rs. 2,500 for miscellaneous repairs.
10. From the information given below compute the tax payable by Sridevi and Co., keeping in view the provisions of MAT U/S 115-JB for the assessment year 2016-17 :

Profit and Loss A/c for the year ending 31-3-2016 :

Particulars	Amount (Rs.)	Particulars	Amount (Rs.)
Expenses related to sales	40,00,000	Sales	56,00,000
Security transaction tax paid relating to LTCG	12,000	LTCG (Exempt U/S 10(38))	6,00,000



Depreciation	3,40,000	Interest on Govt.	
Proposed dividend	5,20,000	securities	60,000
Income Tax	2,40,000		
Net Profit	11,48,000		
	62,60,000		62,60,000

Other information :

- The company revalued its asset from Rs. 4,00,000 to Rs. 8,00,000. The depreciation allowable under the Income Tax Act is Rs. 2,00,000.
- Brought forward loss as per books of a/c Rs. 5,00,000.
- Brought forward depreciation as per books of a/c Rs. 1,20,000.
- Brought forward unabsorbed depreciation Rs. 2,20,000.

ಕನ್ನಡ ಆವೃತ್ತಿ

ವಿಭಾಗ - A

1. ಯಾವುದಾದರೂ ಹತ್ತು ಉಪ-ಪ್ರಶ್ನೆಗಳಿಗೆ ಉತ್ತರಿಸಿರಿ. ಪ್ರತಿ ಉಪ-ಪ್ರಶ್ನೆಗೆ ಎರಡು ಅಂಕಗಳು. (10x2=20)

- ಸೇವಾ ತೆರಿಗೆಯಲ್ಲಿ 'ಪಾಯಿಂಟ್ ಆಫ್ ಟ್ಯಾಕ್ಸೇಷನ್' ಎಂದರೇನು ?
- ಎರಡು ಘೋಷಿಸಿದ ಸೇವೆಯನ್ನು ಹೆಸರಿಸಿ.
- ಸೇವಾ ತೆರಿಗೆಯಲ್ಲಿ 'ರಿವರ್ಸ್ ಚಾರ್ಜ್' ಎಂದರೇನು ?
- ವಿಸ್ತರಿಸಿ PFAS ಹಾಗೂ AOP.
- ಅರ್ಹರಾಗಿರುವ ಸಂಸ್ಥೆಗಳು ಮತ್ತು ಇತರ ಸಂಸ್ಥೆಗಳಿಗೂ ಇರುವ ವ್ಯತ್ಯಾಸಗಳನ್ನು ತಿಳಿಸಿರಿ.
- 'ಪಾಲುದಾರಿಕೆ ಸಂಸ್ಥೆ'ಯನ್ನು ವ್ಯಾಖ್ಯಾನಿಸಿ.