



VI Semester B.Com. Examination, May 2017
(CBCS) (Fresh)
(Semester Scheme) (2016 – 17 and Onwards)
COMMERCE

Paper – 6.5 : Elective – Paper – III : Business Taxation – II

Time : 3 Hours

Max. Marks : 70

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

SECTION – A

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

1. a) What do you mean by exempted services ?
- b) Define Partnership.
- c) Who is a working partner ?
- d) What is taxable territory under service tax ?
- e) What is tax credit ?
- f) Expand MAT and CBDT.
- g) What do you mean by Indirect Taxes ?

SECTION – B

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

2. Explain objectives of GST.
3. What do you mean by Limited Liability Partnership ? State its features.
4. M/s Logistex, a taxi operator furnishes the following details of receipts from renting of taxi for passengers :

a) Bengaluru to Mysuru	Rs. 4,50,000
b) Bengaluru to Pune	Rs. 9,00,000
c) Bengaluru to Hyderabad	Rs. 8,50,000
d) Bengaluru to Dharwad	Rs. 2,45,000
e) Bengaluru to Bijapur	Rs. 3,55,000

Calculate Service Tax.



5. A, B and C are partners sharing profits equally carrying on the business. The firm's net profit before partners salary and commission is Rs. 15,00,000. The partners salary is A – Rs. 1,50,000; B – Rs. 1,00,000 and C – Rs. 2,00,000 and commission of Rs. 50,000; Rs. 40,000 and Rs. 60,000 respectively. Calculate allowable remuneration.
6. Opening Written Down Value of Plant and Machinery – A and B is Rs. 6,00,000. Rate of Depreciation is 15%. During the previous year the following additions were made : Plant C purchased for Rs. 4,00,000 and put to use on 15th April 2015. Plant D valued Rs. 20,00,000 was purchased and put to use on 1st February 2016. Calculate the Closing Written Down Value.

SECTION – C

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

7. What do you mean by GST ? Explain implication of GST.
8. C. Ltd., is a company in which public are substantially interested. It showed a net profit of Rs. 7,50,000 during 2015 – 16. Scrutiny of the accounts revealed the following :

Debits to P/L Account :

- Donation paid to approved Public Charitable Trust Rs. 20,000
- Provision for income tax Rs. 1,00,000
- Family planning expenses Rs. 25,000
- Capital expenditure on family planning Rs. 1,00,000

Credits to P/L Account :

- Bad debts allowed earlier recovered during the previous year Rs. 10,000
- Interest on bank deposits Rs. 30,000
- Long term capital gain Rs. 1,00,000
- Dividend from Indian company Rs. 20,000 (gross)

There was (a) unabsorbed depreciation Rs. 35,000 and (b) unabsorbed capital loss Rs. 40,000 brought forward from the earlier assessment year.

Compute Total Income and Tax Liability of the company for the assessment year 2016-17.

9. The following is the Profit and Loss account of M/s Kashmir Traders, a partnership firm (covered u/s 184) for the year ending 31-3-2016.

Salary to staff	7,80,000	Gross Profit	42,60,000
Bad debts	60,000	Rent from house property	1,80,000
Provision for Bad debts	15,000	Interest on securities	15,000
Freight	1,50,000	LTCG on Plot	3,00,000



Donation to National Blood Transfusion Council	60,000		
General Office Expenses	9,00,000		
Partners' Salaries :			
Shan	5,40,000		
Venkat	<u>4,32,000</u>	9,72,000	
Interest on Capital			
Shan @ 14% pa	84,000		
Venkat @ 16% pa	<u>96,000</u>	1,80,000	
Net Profit			
Shan	8,19,000		
Venkat	<u>8,19,000</u>	16,38,000	
		47,55,000	47,55,000

Additional Information :

- a) Salaries and interest to partners have been paid as per deed.
- b) General expenses include Rs. 90,000 paid to tax consultant in cash.

Calculate : (a) Total Income and Tax liability of firm (b) Business income of partners.

10. CA Gulecha, a practicing Chartered Accountant received money from various clients for the services rendered in the month of November, 2016.
- i) Accounting and auditing services of Rs. 1,25,000.
 - ii) Representation before various statutory authorities Rs. 1,00,000.
 - iii) Cost accounting and cost auditing of Rs. 50,000.
 - iv) Secretarial auditing Rs. 35,000.
 - v) Verification of declarations in prescribed forms of compliance for obtaining a certificate of commencement of business Rs. 40,000.
 - vi) Certification of documents to be filed before Registrar of Companies Rs. 25,000.
 - vii) Ledger maintenance, non-professional services and preparation of coaching material Rs. 20,000.
 - viii) Fee for routine visits to Income Tax Offices Rs. 55,000.
 - ix) Remuneration for teaching CA and ICWA students Rs. 30,000.
 - x) Fee from outsourcing work of a client such as billing and ledger posting Rs. 75,000.

You are required to calculate taxable services under Practicing Chartered Accountant Services and service tax liability for the month assuming the above receipts are exclusive of service tax.



11. The following particulars are provided by Best Co. Ltd.

Trading, P and L A/c for the year ending 31-3-2016

	Rs.		Rs.
To Purchases	1,62,500	By Sales	18,18,000
" Entertainment expenses	17,500	" Amount withdrawn from	
" Travelling expenses	35,000	General Reserve	1,50,000
" Depreciation	2,75,000	" LTCG	60,000
" Income tax	1,90,000	" Transfer fees	2,500
" Outstanding Sales tax	15,000	" Profit on sale of motor car	12,500
" Provision for unascertained		" Interest on tax free Govt.	
liabilities	30,000	Securities	10,000
" Proposed dividend	90,000		
" Tax consultation fees	10,000		
" Provision for loss of			
Subsidiary Co.	22,500		
" Salaries	1,00,000		
" Sundry expenses	82,500		
" Net Profit	10,23,000		
	20,53,000		20,53,000

Additional Information :

- 1) Value of plant and machinery as on 1-4-2015 was Rs. 30,00,000 and Buildings Rs. 5,00,000.
- 2) Excise duty of 2013 – 14 paid during the year Rs. 32,500 was not charged to P/L A/c
- 3) Sundry expenses include an item of Rs. 26,000 paid in cash.
- 4) Out of the outstanding amount of sales tax, Rs. 12,500 was paid before due date of Filing the returns.
- 5) Unabsorbed business loss brought forward is Rs. 3,00,000 for income tax purposes and Rs. 2,25,000 for accounting purposes.
- 6) Unabsorbed depreciation b/f is Rs. 1,50,000 for accounting purposes.

Compute :

- i) Book profits under 115JB
- ii) Tax under Minimum Alternative Tax.