

INTERNAL - II BLOM (IV SEMESTER) FEBRUARY 2020
BUSINESS TAXATION

1] DEDUCTION u/s 24:-

- a] Standard deduction
- b] Interest on loan

2] Computation of Taxable Capital Gain.

Particulars	₹	₹
Sales Proceeds		21,00,000
(-) Index cost of acquisition.		
COA × $\frac{CII \rightarrow \text{Sales}}{CII \rightarrow \text{Purchase}}$ - $\frac{(80,00,000/100,000) \times 100,000 \times \frac{280}{137}}{137}$	8,17,25	
(-) ^{Index} cost of Improvement	-	
(-) Selling expenses ∴ LTCG	-	8,17,25
		<u>20,18,248</u>
(-) Exempt u/s 54F		
Capital gain till now × $\frac{\text{Purchase Amt}}{\text{Net consideration}}$		
20,18,243 × $\frac{5,50,000}{2,10,000}$	5,28,589	5,28,589
∴ Taxable long term Capital Gain		<u><u>14,89,659</u></u>

Computation of Taxable Capital Gain

Particulars	₹	₹
<u>Marathi Van</u>		
Sales Proceeds		1,10,000
(-) Cost of acquisition		1,00,000
∴ TSTCG		<u>10,000</u>

Short term

Computation of Taxable Capital Gain

Particulars	₹	₹
<u>Gold</u>		
Sales Proceeds		690,000
(-) Cost of acquisition	75,000	75,000
∴ Taxable STCG		<u>6,15,000</u>

Long term

Computation of Taxable Capital Gain

Particulars	₹	₹
Sales Proceeds		23,00,000
(-) ICOA = $COA \times \frac{CII \rightarrow \text{Sales}}{CII \rightarrow \text{Purchase}}$		
$160,000 \times \frac{280}{100}$	448,000	448,000
∴ LTCG		<u>18,52,000</u>
(-) Exempt u/s 54 New house purchase (-) Exemption u/s 54 EC.	360,000	

Computation from Income from House Property.

Particulars	I	II	III (SOHP)	IV
Step 1:- Expected Rent	2,24,000	3,80,000	NIL	1,86,000
Step 2:- RR ↑	NA	NA	NIL	NA
Step 3:- RR ↓	2,16,670	3,52,000	NIL	NA
∴ GAV	2,16,670	3,52,000	NIL	1,86,000
(-) Municipal Tax paid	12,000	17,280	NIL	28,925
∴ A.V.	2,04,670	3,34,720	NIL	1,65,075
(-) Standard deduction @ 30%	61,401	1,00,416	NIL	49,523
(-) Interest on loan	1,40,000	-	30,000	30,867
Income from house property	32,69	2,34,304	(-30,000)	84,685

Note: Preconstructed period.

1.9.2015	1.9.2015	- 31.3.2017	
280,000	1.9.2015	- 31.12.2015	- 4
10%.	1.1.2016	- 31.12.2016	- 12
1.6.17	1.1.2017	- 31.12.2017	- 3
			<u>19</u>

$$280,000 \times 10\% \times \frac{9}{12}$$

$$= \frac{44,333}{5} = 8,867$$

$$C.Y - 220,000 \times 10\% = 22,000 = 30,867$$

$$\therefore \text{Total Income from H-p} = 32,69 + 2,34,304 - 30,000 + 84,685$$

$$= \underline{2,92,258}$$

Bonds

∴ TLTCG

80,000

44,000

1412000

Aggricultural land

Sales Proceeds

2,82,500

(-) I COA = COA × CII → Sales
CII → purchase.

$$85000 \times \frac{280}{184}$$

129348

∴ LTLCG

26,95,625

(-) Exempt u/s 54B

∴ purchase of agricultural land

12,00,000

∴ TLTCG

25,75,625

Shares

Sales Proceeds

620,000

(-) I COA = COA × CII → ~~purchase~~ Sales
CII → ~~Sales~~ purchase.

$$5,00,000 \times \frac{280}{272}$$

514706

514706

∴ TLTCG

105294

Note: House hold furniture is used for personal. personal Asset are not taken in consideration.

∴ Taxable Short term Capital Gain = 10,000 + 615000 = 625000

∴ Taxable long term Capital Gain = 1412000 + 2575652 + 105294 = 4092946

Computation of Income from House Property.

	House 1	House 2	House 3	House 4	House 5
Step 1:- Expected Rent	Nil	16000	Nil	25000	29000
Step 2:- RPT	Nil	NA	Nil	30,000	NA
Step 3:- RP↓	Nil	NA	Nil	NA	NA
∴ GAV	Nil	16750	Nil	30,000	29000
(-) Municipal tax paid	Nil	1500	Nil	2500	1500
Annual Value	Nil	13250	Nil	27500	27500
(-) S.D @ 30%	Nil	3975	92000 ^{Nil}	16000 ⁸²⁵⁰	10,000 ⁸²⁵⁰
(-) Interest on loan	Nil	-	92000	16000	10,000
Income from House Property	Nil	9275	-92000	3250	9250

House 2:- 16,000 - 1250.

$$GAV = \underline{14750}$$

P.C.P =	1.8.2007	-	31.3.2010.	
	1.8.2007	-	31.12.2007	— 5
	1.8.2008	-	31.12.2008	— 12
	1.1.2009	-	31.12.2009	— 12
	1.1.2010	-	31.3.2010	— 3
				<u>32</u>

$$\therefore 5,00,000 \times 12\% \times \frac{32}{12} = 16,00,000 = \frac{160,000}{5} = 32,000.$$

$$5,00,000 \times 12\% = 60,000 = 60,000 + 32,000 = \underline{92,000}$$

House 5:-

Composite Rent = 36,000.
 (-) Electricity charges = 6000
 (-) water charges $\frac{2000}{28000}$

$$\therefore THP = 9275 + 3250 + 9250 - 92000$$

$$= \underline{\underline{-70225}}$$

PADUA COLLEGE OF COMMERCE AND MANAGEMENT
I INTERNALS – II B.COM (IV SEMESTER) FEBRUARY 2020
BUSINESS TAXATION II

HOURS: 1.30 HOURS

TOTAL MARKS: 40.

ANSWER ANY TWO OF THE FOLLOWING QUESTIONS (CARRYING 4 MARKS) 2*4=8

1. Note on deductions u/s 24
2. Geeta was holding gold, purchased by her in October 2008 for Rs 80000. She sold 50% of the gold for Rs 21lakh in December 2018. She purchased a house for Rs 550000 in April 2018. Find out Taxable capital gains assuming that she does not own any house as on December 2018 though her husband owns two houses. CII: 2008-09-137 2018-19-280
3. What do you mean by 'Transfer' of capital gains?

ANSWER ANY TWO OF THE FOLLOWING QUESTIONS (CARRYING 8 MARKS) 2*8=16

4. Difference between Short term and Long term Capital Gain?
5. Mohan sold the following properties: compute taxable capital gains
 - a) Gold ornaments costing Rs 75000 in January 25 sold for Rs 690000 in December 2018.
 - b) Residential house at Mangalore sold on 30/11/2018 for Rs 23 lakhs. It was inherited by him in 1996 and its FMV on 1-4-2001 was Rs 160000. His father had acquired it Rs 1 lakh in 1991. He purchased another house in 2018 for Rs 360000 and invested in specified bond Rs 80000.
 - c) Household furniture costing Rs 180000 in 2017 sold for Rs 225000 in July 2018
 - d) Self-cultivated agricultural land in Mysore sold for Rs 2825000 costing Rs 85000 in December 2011. He purchased agricultural land for Rs 120000 in July 2018.
 - e) Maruthi van (used for Business) sold on 1-12-2018 for Rs 110000 which was purchased in January 2017 for Rs 140000. Its WDV on 1-4-2018 was Rs 100000.
 - f) Shares acquired in January 2018 for Rs 430000 (FMV as on 31-01-2018 Rs 500000) sold in March 2019 for Rs 620000.

CII 2001- 02: 100 2011-12: 184 2015-16: 254 2017-18: 272 2018-19:280

6. Mr. Antony Gonsalves furnishes the following particulars of the house property:
 Calculate his Income from House property.

	I (LET OUT)	II (LET OUT)	III (SOHP)	IV (SOHP)
FMV	200000	380000	240000	180000
AMV	240000	360000	280000	186000
STANDARD RENT	224000	-	264000	-
RENT RECEIVABLE	260000	384000	-	-
VACANCY (MONTHS)	2	1	-	-
MUNICIPAL TAXES	10% OF AMV	12% OF AMV	12% OF AMV	15% OF AMV
MUNICIPAL TAXES PAID	50%	40%	100%	75%
INTEREST ON HOUSING LOAN	140000	-	?	?

- In respect of 3rd house a loan was taken for the repairs amounting to Rs 350000 a 9% pa.
- In respect of 4th house a loan was taken for construction on 1-9-2015 amounting to Rs 280000 at 10% pa. The construction was completed on 1-6-17. On 1-4-2018, the outstanding amount of loan stood at Rs 220000.*

II. ANSWER THE FOLLOWING QUESTIONS (CARRYING 16 MARKS)

1*16=16

7. Mr. Bean owns 5 houses. The municipal value are Rs.12,000; 15,000; 20,000; 25000 and 30,000. Municipal taxes are levied @ 10% on annual municipal value.

First house: Its FRV is Rs.14,000. It is used for own profession. He paid Rs.13,000 interest on loan borrowed to purchase this house in Jan 2006 .

Second house: Its FRV is Rs.18,000. Standard rent is Rs.16,000. It is let out on a monthly rent of Rs.1250. This house is vacant for one month.

Third house: Its FRV is Rs.15,000. Standard rent is Rs.22,000. He borrowed Rs.5,00,000 for the construction of his house on 1st August, 2007 @12% P.A. The house was completed on 1st June,2010. This house is used for own residence.

Fourth house: Its FRV is Rs.24,000. Standard rent is Rs.30,000. It has been let out on a monthly rent of Rs.3,000. It was vacant for two months. He paid Rs.20,000 towards principal and Rs.16,000 towards Interest on the housing loan borrowed for construction.

Fifth House: Its FRV is Rs.27,000. Standard rent Rs.29,000. It has been let out for composite rent of Rs.36,000 p.a and the assessee pays Rs.6,000 towards electricity charges and Rs.2,000 towards water charges. The Tenant has paid 50% of municipal taxes and bears the cost of Rs.15,000. During the year he repaid the interest of Rs.10,000 on a loan borrowed to repay the earlier loan taken for the purchase of house.

Calculate the income from House property.
