

Smt. S.I.Patel Ipcowala College of Commerce Petlad.

Internal Examination Feb.2019

B.com Semester-6

Subject : Business Taxation -2 (English Medium.)

Date : 20 /2/2019 Time : 8 to 9 30 marks

Q-1.Following is the Profit and Loss account of Mr.RAJAN for the year ended 31st March, 2018.

Profit and Loss Account

Particulars	Rs.	Particulars	Rs.
To Salary	12,70,000	By Gross Profit	36,10,000
"Bad Debt Reserve	12,500	" Bad Debt recovered	75,000
" General Reserve	7,500	" House Rent	25,000
"Bad Debt	10,000	" Interest and Dividend	65,000
"Sales Expenses	12,500	" Commission (earned for working as arbitrator)	<u>12,500</u>
" Interest on Loan.	15,000		
" Interest on Capital	17,500		
" Income Tax	25,000		
" Office Expenses	1,17,500		
"Depreciation on Computer	50,000		
" Net Profit	<u>22,50,000</u>		
	<u>37,87,500</u>		<u>37,87,500</u>

Additional information :

1. 30% of the Bad debt recovered relates to the bad debt not allowed as business expense in past years.
2. Interest on loan is outstanding Rs. 24,000 which is not recorded in Profit and Loss Account; Un-recorded business income is Rs. 2,80,000
3. Written down value of Motor car on 1-4-2017 was Rs. 2,00,000 which was sold on 15-1-2018 for Rs. 2,00,000 and new motor car was purchased on 1-1- 2018 for. Rs. 7,50,000. Admissible depreciation on motor car is 15 %.
4. Salary includes Rs. 50,000 paid to wife of Mr.RAJAN. She does not render any service to the business.

Calculate taxable income from business and profession for A. Y. 2018-19.

Or

Q.-1. State the list of Admissible Expenditures and Inadmissible Expenditures under the head of Income from Business and profession.

(P.T.O)