

Class → B.Com, 4th Semester

Subject → Income Tax

Topic → Firms (Assessment of Firm)

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Solution of Q. 2 (Page No 579)

2nd Part

Computability total income of firm
(For AY (2019-20) ₹.

Profit as per P/L A/c (after) = 200,000
 Add: Remuneration of Partners = 189,000
 = 389,000

Less: (i) Dep. → 20,000
 (ii) B/F B/Loss → 200,000 } 220,000
 = 150,000

Add: B/F B/Loss = 200,000
 Book Profit = ₹ 350,000

Less: Remuneration to Partners
41X 40b :-

- (i) 70% of 1st & 3rd row of B.P. = 270,000
- (ii) 60% of Net B.P. = 30,000
 (Sub: limit 1 row) which is more than = 130,000
- Or
 (ii) 2 × 189,000 Actual Remun. to Partners, (which is less) = 189,000

3rd Part

Business Income = ₹ 200,000
 Less: Remuneration to Partners = 189,000
 Add: (i) Partners = 389,000

Less: Remuneration to Partners
41X 40b :- = ₹ 189,000
 Firm's Income = 200,000
 (Firm's Business)

Less: B/F Business Loss = 200,000
 Business Income = ₹ Nil

Part - 2nd

Computation of total income of the Firm
For the Assessment year (2019-20)

(1) Income from LTCG = ₹ 1,00,000

less: - (i) Amount deposited in
Capital Gain AC 1988
411 @ 54.20 = ₹ 30,000

(ii) Capital Gains invested in
411 54.20 of specified Assets = ₹ 30,000
Long term Capital Gains = ₹ 40,000

(2) Income from other sources:

(i) Int. on Bank Deposit = ₹ 50,000
= ₹ 90,000

less: (ii) Unabated depreciation = ₹ 35,000

Total income of the firm = ₹ 60,000

Part 4th

Total income of the firm = ₹ 60,000

11.2% @ 30% on ₹ 20,000 = ₹ 6,000

(i) 411 @ 20% on LTCG ₹ 40,000 = ₹ 8,000

Total tax = ₹ 14,000

Add: Health and Edu. cess @ 4% = ₹ 560

Total tax liability = ₹ 14,560