

**B.Com. DEGREE EXAMINATION, NOVEMBER 2018**  
**III Year V Semester**  
**Core Elective-Paper I**  
**INCOME TAX LAW AND PRACTICE - I**

**Time : 3 Hours**

**Max.marks :75**

**Section A** ( $10 \times 2 = 20$ ) Marks

Answer any **TEN** questions

1. Who is an Assessee?
2. Mr. Chandramouli was born in India in the year 1980 from 2000 to 2013 he was in Canada, 2013 to 31st March 2017 he was in Australia. On 1st April 2017 he came to India and till date he is staying in India. Identify his residential status for the assessment year 2018-2019.
3. Particulars of Income of Mr. Subramani who is resident but not ordinarily resident in India for the AY:2018-2019, are given below.

	Rs.
(a) Income earned in Pakistan but received in India	5,00,000
(b) Share of Profit from a firm in India	1,00,000
(c) Past untaxed foreign income	3,00,000

Compute Gross Total Income.

4. Mr. X resides in Chennai, gets Rs.3,00,000 p.a. as basic salary, D.A. forming part of salary for service benefits Rs.40,000 and 2% commission on turnover achieved by him. (Turnover achieved by him during the relevant period is Rs.3,00,000 .) He received Rs.60,000 as H.R.A. though he paid a rent of Rs.80,000 p.a. Calculate Taxable HRA.
5. Mr. Raghul is working in a private company at Chennai. From the following information, you are asked to compute the value of rent free unfurnished house. (This house is owned and provided to Mr. Raghul by the company.)

	Rs.
(a) Basic Salary	3,00,000
(b) Dearness allowance	1,00,000
(c) Fees	50,000
(d) Entertainment allowance	10,000

6. List out any 5 Fully taxable allowances
7. Find out Gross Annual Value from the following details pertaining to a house property which is let out for residence

	Rs.
Municipal value	1,60,000
Fair rent	1,61,000
Standard rent under Rent control Act	1,75,000
Actual Rent Received	1,90,000

8. The Net Annual value of a house property is Rs.12,000. The deductions claimed are as follows:

	Rs.
Repairs	2,000
Ground rent	600
Insurance premium due	1,000

Find the income from house property

9. A firm's stock of goods valued on 1.4.17 at Rs.2,50,000 at 20% below the cost. Calculate the amount of under valuation of stock.
10. Swamy acquires a technical know-how for a lumpsum consideration, of Rs.2,00,000 on 1-4-2017. The assessee also acquired copyrights for Rs.40,000 on 1-4-2017. Determine the amount of deduction For AY 2018-19 under section 35AB.
11. What is Belated Return?
12. What is PAN?

### Section B ( $5 \times 5 = 25$ ) Marks

Answer any **FIVE** questions

13. Explain any 5 exempted income under Income Tax Act?
14. Balu has furnished the following particulars for the previous year 2017-2018. Calculate his total income if he is non-resident.

	Rs.
Salary received in India	9,000
Dividend received in Japan from Janpnese Co.,out of which Rs.3,000 was remitted to India	22,000
Income from business in Germany controlled from India	10,000
Interest on Savings Bank Deposit in State Bank of India	1,000
Past untaxed income brought to India	20,000
Income from house property in India	3,400

15. Shri. Rajendran, an employee of Audco Ltd., receives Rs.3,00,000 as gratuity. He is covered by the payment of gratuity Act, 1972. He retires on November 15, 2017, after rendereing service of 32years and 7 months. At the time of retirement his monthly basic salary and DA were Rs.3,000 and Rs.1,000 respectively. Compute his Taxable Gratuity.

16. Mr. X is employed by a company. He has been provided a car (1.2lt C.C) owned by the employer, cost of the car is Rs.4,26,000. The expenditure incurred by the company on maintenance of the car are petrol: Rs.46,000 driver: Rs.36,000 and maintenance Rs.10,000. The car can be used by X partly for official purposes and partly for private purpose. A sum of Rs.12,000, is recovered from X. Find out the taxable value of perquisite.
17. Mr. Rajan is the owner of four houses, which are let out and covered by the rent control act. From the following particulars find out the gross annual value in each case:

Particulars	I	II	III	IV
Municipal value	30,000	26,000	35,000	30,000
Annual rent	40,000	30,000	32,000	32,000
Fair rent	36,000	28,000	30,000	36,000
Standard rent	30,000	35,000	36,000	40,000
Unrealised rent	4,000	-	2,000	3,000

18. Determine whether the following are admissible expenses under the head business income:

	Rs.
(a) Donation to political party	10,000
(b) Fees paid to lawyer for drafting a new partnership deed	5,000
(c) Amount paid to a labour leader to call off the strike	20,000
(d) Salary paid to his son, working as accountant	50,000
(e) Penalty paid to customs authority	5,000

19. From the following profit and loss a/c calculate income from business

	Rs.		Rs.
To Salary	50,000	By Gross profit	4,00,000
To Office expenses	20,000	By House property income	20,000
To Depreciation	20,000	By Capital gains	80,000
To Advertisement	20,000		
To Bad debts reserve	40,000		
To Net profit	3,50,000		
	5,00,000		5,00,000

### Section C ( $2 \times 15 = 30$ ) Marks

Answer any **TWO** questions

20. From the following particulars find out the taxable salary of Mr. Ramesh working at Trichy (Population more than 4 Lakhs)
- (a) Salary Rs.12,000 p.m.
- (b) DA Rs.1,500 p.m.
- (c) Rent free accommodation whose fair rental value is Rs.80,000 p.a.

- (d) Employer's contribution to RPF 14% of salary.
- (e) Interest on PF balance @ 13% p.a. Rs.3,900
- (f) Professional tax paid Rs.2,000
- (g) Medical allowance received Rs.500 p.m.
- (h) Arrears of Salary Rs.13,200

21. Mr. Landlord is the owner of two houses. In respect of these he has furnished the following particulars

	House ARs.	House BRs.
(a) Date of completion of construction	(31-3-1996)	(1-7-2000)
(b) Municipal Rental value	3,60,000	6,00,000
(c) Actual rent received	3,00,000	60,000pm.
(d) Municipal taxes paid	36,000	30,000(due)
(e) Ground rent	1,000	7,800
(f) Interest on loan taken for construction	50,000	1,82,000

Compute his income from house property for the assessment year 2018-19. Out of the Municipal Taxes of House 'A', Rs.18,000 are paid by the tenant.

22. Kumar a lawyer by profession keeps his cash book as per cash system of accounting. The following is the summary of his cash book for the year ended 31st March 2018.

Receipts	Rs.	Payments	Rs.
To Balance	5,000	By Rent of Chamber	2,400
To Fees	35,000	By Car expenses	3,600
To Remuneration as examiner	3,000	By Household expenses	12,000
To Interest on bank deposits	2,500	By Local taxes for the house	1,200
To Rent from House property	8,000	By Repairs of the house	4,000
To Dividends	1,600	By LIC Premium for self	4,800
		By Cost of Books for profession	4,000
		By Medical treatment of self	5,000
		By Balance	18,100
	55,100		55,100

Additional information:

- (a) 1/3 of the house is used by Kumar for his own residence.
- (b) Kumar is insured for Rs.40,000.
- (c) Kumar has to get Medical treatment for an eye ailment caused by intensive study of law books.
- (d) 1/2 of the Car expenses relate to personal use of the car by Kumar.

Depreciation computed at the prescribed rate on the written down value of the Car is Rs.2,000. Compute his income from profession.

23. Explain the various types of assessment.