

B.Com.(CS) DEGREE EXAMINATION, NOVEMBER 2018
III Year V Semester
Core Major- Paper XV
INCOME TAX LAW AND PRACTICE - I

Time : 3 Hours

Max.marks :75

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

Answer any **TEN** questions

1. Define the term "Income"
2. What is an assessment year?
3. Salary received(after making the following deductions) by Mr. G is Rs.25,000;
Contribution to RPF Rs.2, 000; Income tax Rs.400; Professional tax Rs.300;
Life Insurance premium Rs.700; for damages caused by him Rs.100.Assume Mr.
G did not receive any allowances. Find out Mr.G's Basic salary.
4. Write a note on "Perquisites".
5. Compute annual value from the following:

	Rs.
Actual Rent	7,000 p.m
Municipal Rental Value	60,000 p.a
Fair Rental Value	66,000 p.a
6. From the following calculate the expected rental value.

	Rs.
M.R.V.	30,000
F.R.V.	36,000
Standard Rent	33,000
7. Write any two disallowable expenses while calculating business income.
8. Define clearly the term 'Business'.
9. What is the due date for filing of return of income of a company?
10. Explain the term CBDT.
11. Who is a "person" under Income Tax ACT?
12. Mr. Prem left India for the first time on 17th.12.17 and returned back to India on 5th Feb.2018. Identify his residential status for the A/Y 2018-19.

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

Answer any **FIVE** questions

13. Shri.Venkatesh, who was born and brought up in India, Went to U.K. for further studies on 1st February 2016 and came back to India on 1st October 2017. Ascertain his residential status for the previous year 2017-18.

14. Examine the tax treatment of allowances in the following cases for P.Y.2017-18.

(a) Mr.K.Kannan, receives the following allowances:	Rs.
(i) Dearness Allowance (D.A) -	1,000 p.m.
(ii) Medical allowance -	500 p.m.
(iii) Transport allowance -	2,000 p.m.

15. Where a House is self- occupied for a part of the year and let out for remaining Part of the year:

Find out the gross annual value in the following cases:

	House I	House II
Let out period	8 months	7 months
Self occupied period	4 months	5 months
	Rs.	Rs.
(a)Municipal valuation	1,80,000	1,90,000
(b)Fair rent	1,90,000	2,00,000
(c) Standard rent	N.A	2,10,000
Actual rent	1, 40,000	2, 20,000

16. The profit and loss a/c of a firm shows a profit of Rs. 50,000 after debit of following sums.

	Rs.
Income tax paid	30,000
Travelling exp.(business)	20,000
Penalty & Fees	40,000
Sales tax	30,000

17. Discuss the various powers of central Board of Direct tax.

18. X, a resident of Ajmer, receives Rs.48, 000 as basic salary during the previous year 2017-18. In addition, he gets Rs.4, 800 as dearness allowance forming part of basic salary,7%commission on sales made by him(sale made by X during the relevant previous year is Rs.86,000)and Rs.6,000 as house rent allowance. He, however, pays Rs.5, 800 as house rent. Determine the quantum of house rent allowance exempt from tax.

19. 'X' owns a house property. It is used by him throughout the previous year 2017-18 for his residence. Municipal value of the house is Rs.40, 000, whereas fair rent is Rs.50, 000. Municipal Tax paid by him was Rs.4000. X borrowed Rs.10, 00,000 on 1-1-2011 at 10% p.a for construction of the house. The construction was completed on 1-10-2013.Compute the income from house property for the assessment year 2018-2019.

Section C (2 × 15 = 30) Marks

Answer any **TWO** questions

20. Briefly explain the principles or rules of Canon of Taxation.

21. The following is the Profit & Loss account of Mr.Roy for the year.

Particulars	Rs.	Particulars	Rs.
To Rates and Taxes	450	By Gross Profit	14,623
To Establishment(Staff)	1750	By Bank interest on personal deposits	577
To Rent	600		
To Household expenses	1450		
To Discount	250		
To Advertisement	200		
To Income- tax	480		
To Postage, Stationary	810		
To Fire Insurance	150		
To Gifts and presents	160		
To Charity and donations(to approved institutions)	1140		
To Repairs to furniture	50		
To Interest on loan	1000		
To Life insurance premium	600		
To Reserve for doubtful debts	700		
To Interest on capital	250		
To Net profit	3660		
	15,200		15,200

You are required to ascertain the business income of Mr.Roy.

22. Explain any five powers of commissioner of Income Tax.

23. R the director of G Ltd., retired on 31st December 2017, after 30 years of service. The particulars of his income follows:

- Salary Rs. 8,000 p.m. from 1.1.2017, HRA Rs. 3,000 p.m. from 1.1.2017. D.A. Rs 10,000 per month.
- Medical expenses reimbursed by employer Rs 21,000 which includes Rs 5,000 paid to government hospital.
- The employer provides him a car of more than 1.6ltr engine capacity for official and personal use along with the driver. Expenses are met by employer.
- R, contributes 22% (12% regular and 10% additional voluntary contribution) to a RPF and the company matches his regular contribution of 12%
- R, has invested Rs. 20,000 in ULIP scheme of UTI and Rs. 10,000 in PPF. He paid Rs. 8,000 towards LIC on policy for a sum assured Rs. 60,000
- He lives in a rented house at Delhi and pays Rs. 4,000 p.m. as rent. Employer has paid Rs. 3,000 p.m. as HRA.

- vii. R, received Rs. 1, 50,000 as gratuity. He is not covered by Gratuity act.
- viii. He received R. 1, 60,000 for encashment of leave, being 16 months leave not availed of.

Compute R's income for AY: 2017-2018.