

B.Com.(CS) DEGREE EXAMINATION,NOVEMBER 2018
III Year VI Semester
Core Major - Paper XIX
INCOME TAX LAW AND PRACTICE - II

Time : 3 Hours

Max.marks :75

Section A (10 × 2 = 20) Marks

Answer any **TEN** questions

1. From the following details calculate taxable capital gain :
 - (a) Net consideration of residential house Rs. 10,00,000 on 2-6-2017 (CII : 272)
 - (b) Cost of acquisition of the house on 1-5-87 is Rs. 2,10,000 (CII : 129)
 - (c) New residential house acquired on 1-9-2017 for Rs. 2,00,000.

2. Compute the taxable capital gain for the AY 2018-19

House purchased in 1988 for	Rs. 1,50,000
Fair Market Value on 1-4-2001 (CII- 100)	Rs. 6,20,000
Sold in October in 2017 (CII : 272) for	Rs. 28,00,000
Amount invested in another house in April 2017	Rs. 8,00,000

3. Mr. X has the following incomes during the year ending 31-3-2018.

Dividend declared by M. Co. on 31-3- 2017 (Indian Co.)	6,000
Dividend declared by Z Co. on 31-3-2018 (Indian Co)	9,000
Interim dividend received on 1-5-2017 (Indian Co)	3,000
He won gold worth Rs. 10,00,000 from Punjab state lottery	
During march 2018 he earned Rs. 1,00,000 as prize money on horse races. These horses are owned by him and expenditure incurred on maintenance of these horses amounted to Rs. 1,60,000	

Compute income from other sources for the assessment year 2018-19.

4. Mr.G.Bedi owns horses at Bombay and Bangalore. These horses run for races at the race course. During the year 2017-18 Mr. Bedi submits the following information:

Expenses on race horse at Bombay	2,60,000
Expenses on race horses at Bangalore	4,30,000
Stake money earned by horses at	
a) Bombay	1,20,000
b) Banglore	5,00,000

Mr .Bedi received Rs. 1,05,000 on 1.7.2017 on betting during horse races at Bombay. Compute his taxable income under other sources.

5. Compute the taxable income and loss to be C/F

i) Business profit for the previous year 2017-18.	20,000
ii) B/F Business Loss of 2015-16	10,000
iii) Capital loss on shares	60,000
iv) Loss from self- occupied house (u/s 24)	5,000

6. From the following particulars compute the total income of Mr. David for the assessment year 2018-19:

Loss from house property	(-) 8,000
Short term capital gain on sale of shares	95,000
Long term capital loss on sale of bonds	(-) 85,000
Other sources: Interest on Government securities	18,000

The assessee has unabsorbed depreciation of Rs. 35,000 being brought forward from 2006-2007. Assessee had closed the business and all the assets have been disposed of.

7. The gross total income of Mrs.Usha amounted to Rs.6,00,000 in the previous year ending on 31st March, 2018. She has made the following donations:

	Rs.
To Gujarat Earthquake Relief Fund	40,000
To Africa (Public Contributions India) Fund	10,000
To Approved Educational Institutions	15,000
To Approved Temples	35,000
Clothes distributed to poor	5,000
To Municipal Corporation for promotion of family planning	20,000
To P.G.I. Chandigarh for helping the poor and needy in cash	20,000

Compute the amount of deduction admissible u/s 80G for the assessment year 2018-19.

8. Mr. Raman, a Chartered Accountant is living at Kanpur and is carrying on his profession there. For the year 2017-18 he has supplied the following particulars. Compute his total income for the assessment year 2018-19:

Professional gain	5,00,000
Rent received from house at Delhi	18,000 p.a
Municipal taxes	1,500 p.a.
Long term capital Gain	10,000
Part time salary as lecturer in taxation laws	1,24,000
Rent paid at kanpur	6,000 p.m.
Interest on Govt. securities	19,000
He deposited Rs 15,000 in PPF	

9. The total income of an individual (45 Years old) computed under the normal provisions of Income Tax Act is Rs. 10,00,000 . However, the 'adjusted total income' of the individual {Computed as per section 115JC(2)} amounted to Rs. 30,00,000, Calculate the Final Tax Liability of the individual for Assessment year 2018-19.
10. Compute the total income of Mr. Ram from the particulars given below:
- i) Interest on securities (Gross) Rs. 27,000
 - ii) Rental value of a house Rs. 7,500 p.m. ; Self -occupied but transferred to H.U.F. common pool
Income from this house (computed) is Rs. 25,200
 - iii) Share from firm in which he has 1/3 rd share - Rs. 45,000
 - iv) Commission received by his wife from such firm for acting as its selling agent Rs. 25,000
11. Who can claim deductions u/s 80D and how much?
12. Define partnership firm. When a firm be assessed u/s 184?

Section B (5 × 5 = 25) Marks

Answer any **FIVE** questions

13. Mr Ghosh sold a house on 1.9.2017 for Rs. 15,00,000. This house was inherited by him during 2001-02 from his father who had constructed it in 1991-92 for Rs.50,000. Mr Ghosh spent Rs. 50,000 on renovation of the house in 2006-07. Fair market value of the house as on 1.4.2001 was Rs. 4,50,000.

This house was under negotiation for sale in May, 2010 and he received Rs. 20,000 as advance money. The contract could not materialize and the advance money was forfeited. Compute the amount of capital gains assuming that he does not qualify for any exemption.

{C.I.I. for 2001-02 : 100, 2006-07: 122, 2010-2011:167 ,.2017-2108 : 272}.

14. From the following particulars of Mr.Edward for the previous year ended 31st March, 2018, compute his income from other sources for the Assessment Year 2018-19.

HE RECEIVED:	Rs.
i) Director's fee from a company.	10,000
ii) Interest on Bank Deposits	3,000
iii)Income from undisclosed sources	12,000
iv)Winning from lotteries (Net)	24,500
v) Royalty on a book written by him	8,000
vi) By giving lectures in functions	5,000
vii) Interest on loan given to a relative	7,000
viii) Interest on tax free debentures of a company (Listed in recognized stock exchange) (Net)	3,600
ix) Dividend on shares	6,400
x) Interest on post office saving bank A/c.	500
xi) Interest on Government Securities	2,200

He paid Rs.100 for collection of dividend and Rs.1,000 for typing the manuscript of book written by him.

15. The following are the particulars of income and loss of an individual under different heads of income. Set-off losses in the assessment year 2017-18 and find out the net results:

Income from house property A	5,000
Loss from house property B	(-) 8,000
Income from interest on securities	20,000
Loss from a cycle business	(-) 20,000
Profit from speculation business'	20,000
Loss from short-term capital asset	(-) 6,000
Long term capital loss	(-)25,000
Long term capital gain(Investments)	21,000

16. Shri Anil earned total income of Rs. 5,00,000 in the previous year 2017-18 and made the following donations during the year:

Rs. 10,000 to Chief Minister's Earthquake Relief Fund Gujarat.

Rs. 15,000 to National foundation for Communal Harmony.

Rs. 20,000 to Municipal Corporation approved for promotion of family planning.

Rs. 45,000 to approved institutions.

Compute the amount of deduction admissible to him u/s 80G for the assessment year 2018-19.

17. What are the provisions of law regarding the clubbing of income of spouse and other family members in the income of individual?
18. What do you understand by qualifying amount u/s 80 G? Who is entitled to it and what are the provisions of the act in this connection?
19. What are the salient features of assessment of Joint Stock Companies?

Section C (2 × 15 = 30) Marks

Answer any **TWO** questions

20. Mr.Siddaramaiah sold the following assets during the year 2017 -18 as he has discontinued his business:

	Rs.
Sale Proceeds	
(a) Land purchased in 2001-02 [C.I.I = 100] situated at Mysore for Rs.80,000	2,70,000
(b) Machinery purchased for Rs.12,000 in 2004 (written down value1-4-2017 Rs.6,000/-)	21,000
(c) Office furniture purchased in April 2017 for Rs.1,200	1,700
(d) Shop purchased in 2004-2005 [C.I.I. = 113] for Rs.90, 000(kept as investment)	2,60,000
Residential house purchased in 2001-2002 for Rs. 70,000 sold on 15-4-2017	3,50,000
Rs.10,000 10% Debentures purchased on 1-5-2017sold on 16th March, 2018	12,000

(Interest is payable in June and December every year)

He purchased another residential house on 15-3-2018 for Rs. 6,50,000 during the year. Compute his taxable income under the head Capital Gains if C.I.I. for 2017-18 is 272.

21. Compute income from other sources from particulars given below:

Interest on deposits with a company	10,000
University remuneration fro working as examiner	6,000
Royalty for writing books	60,000
He claims to have spent Rs. 20,000 on writing these books	
Dividend declared by R. Co. on 1-3-2018 but paid on 1-5-2018	6,000
Interim dividend paid on 1-5-2017	3,000
Stake money on race horses	1,50,000
Horses are maintained by him and expenses on maintenance of these horses are	2,40,000
Family pension received	36,000

22. Discuss the provisions relating to deductions from u/s 80 U.

23. Mr. Krishnamoorthy, born on 5.1.1975 has the following information.

	Rs.
Salary income	1,00,000
Rent from house(per annum)	58,000
Municipal taxes paid during the year	6,000
Short-term capital gain on sale of equity shares on 1.9.17 subject to STT)	5,000
Long-term capital gain on sale of gold	2,50,000
Winning from lottery(Gross)	50,000
Interest on Bank deposits	6,000
Interest on Govt. Securities	2,000
Interest on debentures of a listed co.	14,000
Deposit in PPF account	9,000
LIP on own life policy(sum assured Rs. 2,00,000)	20000
Crossword puzzle winnings	80,000

Compute the net tax payable by Mr.Krishnamoorthy for the AY 2018-19.