

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

Time : 3 Hours

Max.marks :75

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

Answer **ALL** the questions

1. Who is a resident?
2. Mr.Prem, left Indian for the first time on 17.12.17 and returned back to India on 5th Feb.2018. Identify his residential status for the AY 2018-19.
3. What is meant by 'Entertainment Allowance' ?
4. Salary received Rs.81,000. Employer contribution to RPF Rs.10,000. Calculate taxable employer contribution.
5. Compute taxable allowances from the following information:
Children education allowances for three of his children @ Rs.90 per month per child: Rs.3240
Running flight allowances Rs.1,00,000
6. Compute GAV:
MRV Rs.72,000; FRV Rs.90,000; Real Rent Rs.80,000; Standard Rent Rs.84,000.
7. Find income from house property:
NAV Rs. 12,000; Repairs Rs.2,000; Ground Rent Rs.600; Insurance Rs.1,000.
8. 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.
9. What is PAN? And mention any two usage of it.
10. What is filing of returns?

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

Answer any **FIVE** questions

11. Enumerate any ten items exempted from Income Tax.
12. Mr.X an Indian citizen and a business man left India on 1-7-2017 on a business trip to Canada. In the past four years his stay in India was as follows:
PY 2016-17 : 1st August 2016 to 5th Feb 2017
PY 2015-16 : 1st Sept 2015 to 10th march 2016.
PY 2014-15 : 1st June 2014 to 31st Dec. 2014.
PY 2013-14 : 1st May 2013 to 5th Dec. 2013 He has never out of India prior to 2013-14. Determine th residential status of Mr.X for the AY 2018-19.

13. The following are the details of Income of Mr.R

- (a) Share of Income from a joint venture in India Rs.10,000.
- (b) Dividend from the foreign company Rs.1,000 received in India.
- (c) Income from Agricultural land in Srilanka Rs.20,000 received in India.
- (d) Salary received in India Rs.9,800 (computed) but services were rendered in Iran.
- (e) Income from business (controlled from India) in Srilanka Rs.10,000 and remitted to India.
- (f) Income earned and received in Srilanka from bank deposit Rs.10,000.
- (g) Income accrued in India but received in Iran Rs.10,000

Compute Mr.R's Income if he is:

- (a) Resident; (b) Not ordinarily Resident; (c) Non-Resident

14. Mr. Sridar, employee of ABC Ltd., received Rs.36000 as leave salary at the time of retirement on January 31, 2018. On the basis of the following information, determine the amount of taxable leave salary. Basic pay Rs.3000 pm since 2015. Duration of service 22 years and 8 months. Leave to his credit at the time of retirement is 12 months on the basis of 45 days entitlement of leave for each completed year of service.

15. Mr.R retired on 31.12.2017 and his pension was fixed at Rs.3,600 p.m. He got 3/4th of the pension commuted for which he received Rs.1,80,000 from his employers, a Ltd. Co. Find out taxable amount of commuted value of pension if :

- (a) He gets gratuity (b) he does not get gratuity (c) he is a Govt. Employee.

16. Mr.S. is the owner of a house which is let out in Dindigal, particulars in respect which for the year ended 31st March 2018 are as follows

- (a) Actual rent received Rs.4,500
- (b) Municipal valuation Rs.4,200
- (c) Total Municipal tax Rs.700
- (d) Municipal tax paid by Mr.S Rs.350
- (e) Municipal tax paid by the tenant Rs.350
- (f) Interest on loan taken for repairs of the house Rs.600

Unrealised rent allowed in the previous year 2014-15 recovered during the PY: 2017-18 Rs.1,500.

Compute income from House Property for the AY: 2018-19

17. Profit and loss account of Mr. Senthil is as follows

Particulars	Rs.	Particulars	Rs.
To Salaries	50,000	By Gross profit	2,00,000
To Income Tax	9,000	By Dividend	20,000
To Entertainment Expenses	20,000		
To Net Profit	1,41,000		
	2,20,000		2,20,000

Salary includes Mr. Senthil's Salary of Rs.30,000. Compute income from Business.

18. Explain the savings that qualify for deduction u/s 80C.

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

PART - A - Case Study - Compulsory Question

19. Mr. D.D & Co., are Chartered Accountants in Delhi. They have submitted the following Income & Expenditure A/c for the year. Compute the income from profession.

To Drawings	48000	By Audit fees	224000
To Office Rent	42000	By Financial Consultancy service	98000
To Telephone	15000	By Dividend from Indian Co.,	6000
To EB bill	4200	By Dividend on UTI	4000
To Salary to staff	66000	By Accountancy works	24000
To Charities	1200		
To gifts to relatives	9600		
To car expenses	21000		
To subscription for Journals	2500		
To Institute fee	1200		
To stipends given to trainees	12000		
To Net Income	1,33,000		
	3,56,000		3,56,000

a) Depreciation of the car during year amounts to Rs. 5000/-

b) 30% of car is used for personal purposes.

PART - B

Answer any **ONE** questions

20. Mr. Ganeshan furnishes the following information about his salary income for the year ending on 31.3.2018

- a) Salary received Rs.71,800
- b) Income tax deducted at source Rs.1,200
- c) Contribution to RPF Rs.8,000
- d) Dearness Allowance – 40% of salary
- e) Employer's contribution to RPF Rs.8,000
- f) Interest credited to RPF at 12% Rs.2,400
- g) He is provided with furnished free quarter for residential purpose in Calcutta by his employer, the actual rent of which is at Rs.4,000 pm. Cost of furnishing is Rs.45,000. Gardener's Salary paid by employer is Rs.3,000 p.a.
- h) He is provided with a car of 1.8Ltr with driver.
- i) Premium paid by his employer on his own life policy of Rs.95,000 amounted to Rs.10,000.
- j) Gas, water and Electricity bills paid by employer Rs.4,000
- k) Premium paid by him on the life of his wife for a policy value of Rs.2,00,000 amounted to Rs.50,000

Compute Ganeshan's taxable income from Salary and Q.A for deduction u/s 80 C for the assessment year 2018-19.

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

	House A	House B
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	60000 p.m.
d) Municipal taxes paid	36,000	30000 (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.