

**M.Com(A&F) DEGREE EXAMINATION, APRIL 2019**  
**I Year II Semester**  
**Income Tax Law and Practice**

**Time : 3 Hours**

**Max.marks :75**

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

Answer any **TEN** questions

1. Define Income Tax.
2. Differentiate between Direct tax and Indirect tax.
3. List out some income from other sources.
4. Expand POGA 1972.
5. Define Perquisite.
6. What do you mean by inadmissible expenses?
7. Write a note on clubbing of income.
8. Explain deduction u/s 80U.
9. What is e-filing?
10. What do you mean by Tax Evasion?
11. What do you mean by Annual Value?
12. State any four exempted income.

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

Answer any **FIVE** questions

13. Mr. Gatting, a foreign citizen, leaves India for the first time in the last 20 years on November 25, 2015. During the calendar year 2016, he comes to India on September 1 and stays for a period of 20 days. During the calendar year 2017 he does not visit India at all but comes to India on January 15, 2018. Determine the Residential Status of Mr. Gatting for the Assessment Year 2018 – 19.
14. Calculate the tax liability of Sh. M. Hasan for the assessment year 2018 – 19:

Net Agricultural Income	50,000
Non – Agricultural Income	3,25,000
15. Compute Gross Salary from information given below for each situation separately:  
Salary @ 30,000 p. m., D. A. @ 6,000 p.m., C. C. A. @ 1,000 p.m., House Rent Allowance @ 8,000 p.m., Commission on turnover achieved by him is 40,000.  
Situation

- (a) Living in rented house at Delhi and D. A. enters into pay for retirement benefits and rent paid is 7,000 p.m.
- (b) Living in rented house at Chandigarh and D. A. does not enter into pay for retirement benefit and rent paid is 10,000 p.m.
16. Explain the provisions of Clubbing of Income under Income Tax Act, 1961.
17. What are the computer applications used in Income tax and Tax planning? Explain.
18. Mr. Raj Singh Parmar sold a plot of land at Jaipur on 1-6-2017 (C.I.I. = 272) for 14,40,000. He paid 40,000 as selling expenses. The plot was received by him on death of his father on 15-3-2005 (C.I.I. = 113). His father had acquired it on 1-4-1990 for 1,00,000 and its F.M.V. on 1-4-2001 was 3,10,000.
- On 1-10-2017 he invested 3,00,000 in bonds issued by Rural Electrification Corporation Limited notified u/s 54EC and 2,00,000 on 1-3-2018 in Bonds of National Highway Authority of India.
- Compute his taxable Capital Gain.
19. How Rent Free Accommodation is calculated for a non- government employee?

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

Answer any **TWO** questions

20. Mr. Jagan, scientist from USA was appointed as senior scientists in India for the first time on 1.11.2012. On 31st January 2015 he went to Pakistan on deputation but left his family (Wife and Children) in India. On 1st May 2016 he came to India and took his family on 21st October 2016. He returned to India and joined his original post on 5th Feb. 2018. Determine the residential status of Mr. Jagan for the Assessment years 2015-16 to 2018-19.
21. Mr. Anup Sen has furnished following particulars:
- Salary 25,000 p.m., Dearness Allowance @ 5,000 p.m. (It enters into pay for retirement benefits), Entertainment Allowance @ 600 p.m., Bonus 16,000, Cost of Furnishing 1,20,000.
- Calculate the value of rent – free house if:
- Mr. Anup Sen is Govt. employee and rent of house fixed by Govt. is 2,500 p.m.
  - He is working in a semi – Govt. undertaking at Chennai (Population more than 25 lakhs) and Fair Rental Value of the house is 8,000 p.m.
  - He is working in private sector at Chandigarh (Population below 10 lakhs) and rent of the house hired by employer is 6,000 p.m. He is also provided with hired refrigerator whose hire charges of 600 p.m. are paid by employer.

- d. Mr. Sen is working in private sector at Delhi (Population above 25 lakhs) and actual rent of the house not owned by employer is 6,000 p.m. Rent charged by employer is only 3,000 p.m.
22. Mr. Mahalingam furnishes the following particulars. Compute his income from business for the assessment year 2018-19:
- Legal expenses to the extent of 5000 represent the amount spent for curing the defect in the title of business asset and balance amount on acquiring the asset.
  - Know-how was developed in a laboratory financed by the State Government.
  - Actual bad debts amounted to 3000 only.
  - Advertisement expenses were paid in cash.

Profit and Loss Account for the year ended March 31, 2018

Trade expenses	1500	Gross Profit	100000
Wages and Salaries	33000	Refund of Income tax penalty levied earlier	22150
Advertisement expenses	20000		
Income-tax	7500		
Contribution To Staff Welfare Fund	1000		
Donation to Rural Development Fund (Approved)	2000		
Life Insurance premium on own life	750		
Provision for doubtful debts	5000		
Interest on Capital	3550		
Provision for sales tax	2500		
Expenditure on know how	18000		
Wealth tax	5000		
Gift tax	1500		
Gift to 20 customers	2000		
Fire Insurance Premium	850		
Legal expenses	8000		
Net Profit	10000		
	122150		122150

23. Explain in detail the difference between Tax planning, Tax avoidance and Tax Evasion.