

**B.Com DEGREE EXAMINATION, APRIL 2019**  
**III Year VI Semester**  
**Income Tax Law and Practice - II**

**Time : 3 Hours**

**Max.marks :75**

**Section A** (10 × 2 = 20) Marks

Answer any **TEN** questions

1. What do you mean by short term capital gain?
2. What is sub-letting?
3. What is set off losses?
4. Write a short note on deduction u/s 80E.
5. What are deemed incomes?
6. What is an AOP?
7. Write a note on restrictions imposed u/s 40b.
8. Mr.Jeevan purchases diamonds on 1-4-2016 for Rs.1,00,000. He incurred brokerage cost of Rs. 5,000 on purchase. He sells Diamonds for Rs.1,60,000 on August 10, 2016. Compute the chargeable capital gain in the hands of Mr.Jeevan for the assessment year 2018-2019.
9. Sanjay submits the following Information relevant for the Assessment year 2018-2019.

	Rs.
Salary Income (Gross)	63,000
Business Income	-80,000
House Property Income	-20,000

Determine Net Income of Sanjay.

10. Prakash is a resident individual. During the previous year 2017-2018, he incurs the following expenditure – Medical treatment(specified disease) of Rs.45,000. Amount reimbursed by insurance company Rs.4,000; amount reimbursed by employer Rs.5,000. Find out the amount deductible.
11. Mr. A informs you that his total income computed under the income-tax Act is Rs.9,20,000. You are requested to calculate his tax liability for the assessment year 2018-2019.
12. Shri. Suman gives the following particulars of his income for the previous year ending march 31,2018.

Winning from lottery on January 1,2018: Net amount : Rs.49,000

Winning from Card games: Rs.16,000.

Determine the income chargeable for the previous year 2017-18.

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

Answer any **FIVE** questions

13. What is capital gain? Discuss the procedure for computation of capital gains.
14. What are the donations allowable as deductions u/s 80G and to what extent?
15. Distinguish between the assessment of registered firm and unregistered firm.
16. Mr. Smith is a M.P. from Ahmadabad. He has submitted the following particulars of income for the year ending 31.3.18.
  - (a) Agricultural income from land in Sri Lanka Rs. 15,000
  - (b) Daily allowance as M.P. Rs. 15,000
  - (c) Salary as a M.P. Rs.36,000
  - (d) Salary for a part-time job with a firm Rs.21,000
  - (e) Royalty from a coalmine Rs.20,000 and spent Rs.3,000 for collecting royalty income.
  - (f) His residential house has been taken on a rent of Rs.1000 p.m., half of which he has sub-let at Rs.1,200 p.m.
  - (g) Dividends from a co-operative society Rs.5,000. Collecting charges Rs.100.

Calculate his income from other sources.
17. Mr. Y purchased a piece of land on 4.1.1978 for Rs.50,000. The land was sold by him during the previous year 2017-2018 for Rs.70,00,000. The fair market value as on 1.4.2001 was Rs. 1,20,000. Expenses on transfer were 2% on sale price. Compute taxable capital gain for the previous year 2017-18. On 1.5.2015, Y proposed to sell the property and received an advance of Rs.50,000, the proposed buyer did not honour his commitment hence Mr. Y, forfeited the advance money.

C.I.I – 2001 – 2002: 100; 2017-2018: 272.

18. From the following particulars of income of assesses A and B how the capital losses shall be set-off and carried forward for the previous year ending 31.03.18?

	Rs.
A. (a) Business Income	15,000
(b) Short term capital loss	1,200
(c) Long term Capital gain	7,200
B. (a) Business Income	60,000

(b) Short term capital gain	20,000
(c) Long term Capital gain (Land)	17,000
(d) Brought forward loss (Short term Capital asset)	50,000

19. During the previous year 2017-18, kumar has the following income and expenditure:

	Rs.
(a) Business profit	1,50,000
(b) Winning from lotteries	55,000
(c) Long term capital gain	40,000
(d) Donation to PM national relief fund	10,000
(e) Donation to temple approved u/s 80-G	25,000
(f) Donation to clean Ganga Fund	5,000
(g) Donation to swachh Bharath Kosh	2,000

Compute his total income for the Assessment Year 2018-19.

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

Answer any **TWO** questions

20. X owns a residential house at Delhi since 1968. The house is sold by him for Rs. 1,40,00,000 on may 10, 2017 [cost of Acquisition; Rs.4,50,000 F.M.V. on April 1, 2001 Rs. 6,10,000]. To claim exemption u/s 54, he purchases a residential house property at Ajmer on March 10, 2018 for Rs.2,51,000. On July 31, 2018 being the date of furnishing return of income for the assessment year 2018-2019; he deposits Rs. 6,00,000 in bank account specified for the purpose of Section 54.

By withdrawing from the deposits account he constructs a residential building at Ajmer house which is completed by May 9, 2019. Entire cost of construction is Rs.4,90,000. The unutilized amount in deposit account is withdrawn by him after May 10, 2020. Determine the amount of capital gain chargeable to tax. CII 2001-2002 = 100; and for 2017-2018 = 272.

21. The following are particulars of income of Mr. Bell for the Assessment year 2018-19:

	Rs.
(a) Income from house property	70,000
(b) Business Income	60,000
(c) Dividend (Gross) from a co-op. society	500
(d) Long term capital gain:	
From land	1,000
From Jewellery	8,000

- (e) He paid Rs.28,000 as life insurance premium on his own life on a policy of Rs.2,00,000.
- (f) He gave Rs.20,000 as donation to a approved charitable institution.
- (g) During the year he deposited Rs.20,000 in an equity linked saving scheme notified u/s 80C.
- (h) He deposited Rs.12,500 in National Saving Scheme, 1992.
- (i) Interest accrued Rs.2,260 on N.S.C.VIII issue purchased in November 2017 for Rs.30,000.

Compute his total income and tax liability.

- 22. Explain the provisions of the Income Tax Act 1961 relating to 'set off of losses'.
  - 23. Sri. Anand has the following investments for the previous year ended 31-3-2018:
    - (a) 10% Rs.30,000 Govt. Securites;
    - (b) 10% Rs.40,000 Kerala Govt. Loan;
    - (c) 10% Rs.30,020 Tax free debentures of a company.
    - (d) 10% Rs.20,000 Debentures (Listed) of a Tea company
    - (e) Rs.7,110 received as interest on Debentures of an unlisted company.
    - (f) Received Rs.18,000 as interest on tax free debentures (Listed) of a company.
- He paid commission of his bank Rs.500 for collecting the above amounts. Find out his taxable "Income from Interest on securities" for the A.Y.2018-2019.