

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

**Time : 3 Hours**

**Max.marks :75**

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

Answer **ALL** the questions

1. Write the meaning of the term capital gains.
2. Calculate the indexed cost of acquisition for house purchased on 15th July 2008 for Rs. 4,50,000 and sold for Rs. 10,00,000 on 31st March 2018.
3. What is casual income?
4. Find the taxable portion of the family pension received Rs. 21,000 and net lottery winning Rs. 77,000.
5. How will you treat the income transferred without transferring the title of the asset?
6. The following losses are brought forwarded from the previous years  
Loss from speculation business Rs. 10,000 ; Long capital loss Rs. 45,000  
Income from steel business Rs. 1,29,000 ; Long term capital gain Rs. 80,000  
Show how the losses can be set off and carry forwarded?
7. Mention the amount of deduction under section 80 U.
8. Mr. Rahman has a total income of Rs. 8,00,000. He had donated Rs. 45,000 for a notified mosque and Rs. 30,000 for Swacch Bharath Scheme. Compute his taxable income.
9. What is the tax amount on long capital gain of Rs.30,000 and race winning of Rs.1,00,000 ?
10. Expand CBDT.

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

Answer any **FIVE** questions

11. Sanjay sold a house property for Rs. 60,00,000 on 31st January 2018. The house was purchased on 1st June 2006 for Rs. 12,20,000. He also sold a jewellery for Rs. 2,00,000 which was purchased on 1st June 2017 for Rs.2,20,000. Compute the capital gains if CII for 2006-07 – 122 and 2017 -18 : 272. Compute the capital gains.

12. Amar Chand sells a property which was transferred to him on the death of his father for Rs. 24,00,000. The property was purchased for Rs. 2,50,000 during May 1989 by his father. The fair market value of the property as on 1st April 2001 was Rs. 4,50,000. Compute the capital gains if CII being for 2001-02 is 100 and for 2017-18 is 272.

13. Mrs. Kumar has the following during the previous year 2017-18.

	Rs.
Dividend from ABC Ltd.	20,000
Interest received from debentures of Sunrise private ltd.	7,200
Winning from lottery	32,000
Income from letting of building along with plant and machinery	16,000

She claims the following expenses :

Dividend Collection charges Rs. 1,000 ; Purchase cost of lottery tickets Rs. 2,000 ; Depreciation and other maintenance charges of plant and machinery Rs. 500. Compute her income from other sources for the assessment year 2018-19.

14. The following incomes and losses are given by Shri. Ganesh for the previous year 2017-18.

	Rs.
Salary income	34,000
Income from house property:	
House A Loss	14,000
House B Income	12,000
Business loss	7,000
Long term capital gain	10,000
Unabsorbed depreciation brought forward	1,000

Compute his total income for the A.Y. 2018-19.

15. Explain the provisions regarding unexplained expenditure.

16. Dinesh Kumar has a gross total income of Rs. 12,00,000. He has made the following payments and claims deduction from his income.

- Medical treatment for his dependent mother for a notified disease Rs. 35,000
- Donation to Prime Minister's National Relief Fund Rs. 23,000
- Donation to Chief Minister's Earthquake Relief Fund Rs. 10,000
- Donation to local authority for family planning promotion program Rs. 40,000

Compute his taxable income for the assessment year 2018-19.

17. Shahul Hameed has a taxable income of Rs. 1,25,000 ( including long term capital gain of Rs. 25,000 and race winning Rs. 10,000) for the financial year 2017-18. Calculate his tax liability for the assessment year 2018-19.
18. Write a note on a) Best Judgment Assessment b) Reassessment

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

**PART - A - Case Study - Compulsory Question**

19. Shartath Kumar is working as a manager in ABC Ltd. He draws basic salary Rs. 20,000 p.m., DA 50% of the basic , Entertainment allowance Rs. 500 p.m., Medical Allowance Rs. 400 p.m. ,Uniform Allowance Rs. 300 p.m. (Amount spent Rs. 200 p.m.) and the employer contributes 15% of basic towards RPF. The interest on accumulated RPF balance @ 10% p.a. amounts to Rs. 10,000. He resides at a rented house at Chennai at a monthly rent of Rs. 6,500. He has other source income of Rs. 45,000 during the previous year. He has paid insurance premium of Rs. 30,000. He has donated Rs. 5,000 to Rajiv Gandhi Foundation. Proposal of the company:

The company proposes to pay him a house rent allowance of Rs. 5,000 per month. Suggest the company on the proposal in such a way that it is beneficial to Sharath Kumar in the tax payment.

**PART - B**

Answer any **ONE** question

20. The following assets are sold by Srinivasan on 31st March 2018.
- a. Machinery purchased for Rs. 2,00,000 whose written down value was Rs. 1,20,000 was sold for Rs. 1,50,000
  - b. A house bought for Rs. 12,00,000 during June 2011 was sold for Rs. 62,20,000. The expenses on sales were Rs. 20,000. He built first floor spending Rs. 3,00,000 during August 2013. ( CII : 2011-12 = 184, 2013-14 = 220)
  - c. 300 Equity shares of Rs. 100 purchased on 1st June 2013 were sold for Rs. 400 per share. The brokerage paid at 2% on the sales and purchase value of the shares. (CII : 2013-14 = 220)
  - d. He purchased a new residential house for 7896432021.[8,00,000. Compute taxable capital gain for the assessment year 2018 -19 (CII : 2017-18 = 272).
21. Mrs. Laxmi Narayanan has received the following incomes during 2017-18.

	Rs.
a. Dividend from cooperative society	14,000
b. Winning from lottery (net)	70,000
c. Agricultural income from Sweden	22,000
d. Income from undisclosed sources	10,000
e. Interest received from Government securities	9,000
f. Interest from 9% Debentures of XYZ Ltd.	10,000
g. Family pension received	33,000
h. Ground rent received	12,000
i. Income from sub-letting of house	36,000
j. Royalty by writing books	50,000
k. Dividend from an Indian company	12,000

l. She purchased a furniture for Rs. 2,00,000 whose market value was Rs.2,50,000

m. Gifts from friends other than relatives 10,000

She spent the following:

- a. Collection charges paid for dividend Rs.100
- b. Printing and other charges paid Rs. 5,000
- c. Rent paid for sub-let portion Rs. 1,500 p.m. and other repairs of sub-let portion were Rs.2,000

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