

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

Time : 3 Hours

Max.marks :75

Section A (10 × 2 = 20) MarksAnswer any **TEN** questions

- State whether the following are short term or long term capital assets, if the assessee sells them on 1.12.19.
 - Govt. securities acquired on 1.4.18.
 - Debentures of a company purchased on 1.11.2016
 - Listed shares of a company purchased on 1.9.2016.
 - Diamonds acquired on 1.11.2016.
 - House property acquired on 1.10.2014
- What are the types of capital assets?
- Mr.S submits the following particulars of his income for the previous year ending March 31, 2019.
 Dividends from X Ltd., a foreign company (Gross) Rs. 40,000
 Dividends from Y Ltd., an Indian company (Gross) Rs. 30,000
 Dividends from co-op society Rs. 3,000
 Determine the chargeable income under the head 'othersources'.
- What are tax free securities ?
- Compute the gross total income from the particulars given below:

House property(Let)	Rs.30,000
Loss from self occupied house	Rs.16,000
Income from letout houses	Rs.20,000
- Mr.K had taken a loan from bank for his higher studies. He started repaying the loan with effect from 1-4-2015 and during 2018-19 he repaid Rs. 50,000 as principal amount and Rs. 10,000 as interest. His gross total income for the previous year 2018-19 is Rs. 2,40,000. Compute his income for the assessment year 2019-20.
- Sadhika, a minor child artist (aged 10 yrs) acted in a Bollywood movie and earned Rs. 5,00,000 from the film producer. Can the income of the minor be clubbed with the income of her parents?
- Compute the tax liability of Mrs. A from the following details:
 Gross total income Rs. 3,00,000
 Investment/contribution for deduction U/S 80C:

Contribution to public provident fund	Rs. 60,000
LIC premium fund	Rs. 40,000
Pension fund of LIC	Rs. 15,000
- Explain sec 80 TTA
- Explain sec 80 U
- Mrs.R furnishes the following particulars

Particulars	Shares in 'A' Ltd.(unlisted)
Date of purchase	1.2.18
Date of sale	5.10.18
Cost of purchase	Rs. 25,000
Expenses of purchase	RS. 500
Sale value	Rs. 50,000
Expenses on sales	Rs. 1,000

Compute Capital Gain.

12. Explain any two deductions out of gross total income available to individual ?

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

Answer any **FIVE** questions

13. Professor kashinath had purchased two plots –one on 1.3.2003 for Rs 24800 and another on 1.3.2018 for Rs 22300. He sold the plot of 1.3.2003 for Rs 1,90,000 and of 1.3.2018 for Rs 80000 on 1.1.2019. He also sold his jewellery for Rs 2,00,000 on the same day (1.1..2019) which he had purchased for Rs 52000 on 1.8.2004

He invested the full consideration amount from the sale of all these assets in the acquisition of a new residential house on the same day. Compute taxable capital gain of prof . kashinath for the assessment year 2019-20 assuming that he did not own any residential house on the date of sale of the plots and jewellery. Cost inflation index for 2002-03 , 2004-05 , 2017-18 and 2018-19 are 105,113,272 and 280

14. From the following information compute the income from other sources for the year ending 31.3.2019

i)	Dividend from a company(gross)declared in May 2017	Rs 7800
ii)	Examinership remuneration	Rs 2000
iii)	Royalty by publication of book	Rs 48000
iv)	Winnings from lottery(gross)	Rs 50000
v)	10%tax free govt securities	Rs 40000
vi)	Rent received from a building letout with plant and machinery	Rs 20000
	Repair of building	Rs 2000
	Depreciation on plant and machinery	Rs 2000
vii)	collection charges for interest and dividend are 2% of net amount realized	
viii)	gift received by will	Rs 1,00,000
ix)	Honorarium received for writing articles in magazines	Rs 1000
x)	cash gifts received from friends :	
	cash gift received from X	Rs 29000
	cash gift received from Y	Rs 15000

15. From the following particulars of Mr. Edward for the previous year ended 31st march 2019. Compute his total income for the assessment year 2019-20. He received

i)	Director's fee from a company	Rs 10000
ii)	Interest on bank deposits	Rs 3000
iii)	Income from undisclosed sources	Rs 12000
iv)	Winnings from lotteries (net)	Rs 82200
v)	Royalty on a book written by him	Rs 8000
vi)	By giving lectures in function	Rs 5000
vii)	Interest on loan given to a relative	Rs 7000
viii)	Interest on tax free debentures of a company (listed in recognized stock exchange) Net	Rs 3560
ix)	Dividend on shares	Rs 6400
x)	Interest on post office saving bank account	Rs 500
xi)	Interest on Government securities	Rs 2200
xii)	A sum of Rs 26000 is received as gift on 1.8.18 from a friend	
xiii)	A sum of Rs 50000 is received as gift on 1.10.18 from his sister	

He paid Rs 20 for collection of dividend and Rs 1000 for typing the manuscript of book written by him
Mr. Edward has following other transaction :

- House property A purchased for Rs 6 lakh (stamp duty value : Rs 6.5 lakh)
- plot of land purchased for Rs 7lakh (stamp duty value Rs 9 lakh)

16. Mrs pooja has given the following information about her income. Find out her total income for the year

2019-20

a) salary from frontline ltd	Rs 54000
b) Dividend on units of UTI	Rs 1500
c) Interest on securities(gross)	Rs 6000
d) Interest on fixed deposits in PNB	Rs 4700
e) Profit from agency business	Rs 10000
f) Loss from speculation of shares	Rs 10000
g) Profit from speculation in silver	Rs 5000
h) First prize in Delhi state lottery	Rs 100000
i) Gain from playing rummy	Rs 2000
j) Loss in card game with friends	Rs 3000
k) Loss in race course betting	Rs 10000
l) Expenses incurred on maintenance of horses'	Rs 30000

17. Explain the incomes that can be clubbed to an assessee's total Income.

18. Mr kaushik submits his gross total income for the previous year as Rs 750000. He has contributed for the following fund, donations. calculate his taxable income .

Payment towards oriental insurance mediclaim	Rs 5000
Pension fund of LIC	Rs 5000
Rajiv Gandhi foundation	Rs 15000
Gujarat earthquake relief fund	Rs 20000
Prime minister' drought relief fund	Rs 50000
Jawaharlal Nehru memorial fund	Rs 22000
Towards repair work for temple	Rs 45000
Donation for promoting minority community	Rs 50000
His gross total income includes LTCG of	Rs 200000

19. Mr. selvam had a gross total income of Rs 8,00,000(which included Rs 10000 as long term capital gains)for the year ending 31st March 2019. During the year the assessee made the following donations:

a) National defense fund	Rs 20000
b) Prime Ministers national relief fund	Rs 20000
c) P.M drought Relief fund	Rs 10000
d) to family planning association of India	Rs 15000
e) To BJP	Rs 20000
f) university of Allahabad (Notified as institute of National eminence)	Rs 100000
g) Notified charitable hospital	Rs 100000

In addition to the above he paid the following :

- Rs 8000 to GIC by cheque for health insurance
- Rs 90000 to maintain his handicapped dependent brother Rs 5000 for medical treatment of dependent father (notified disease). Compute the taxable income of shri selvam

Section C (2 × 15 = 30) Marks

Answer any **TWO** questions

20. Mr . x owns 2 acres of agricultural land in an urban area of Ludhiana which he sold on 30th nov 2018 @Rs 50 lacs per acre. Other particulars are :

- cost of 2 acres of land purchased in 1997 Rs 6 lacs
- F.M.V as on 1.4.2001 Rs 25.50 lacs
- Selling expenses Rs 1 lac
- He owns one residential house on 30.11.2018
- Date of filing of return of income is 31st july 2019
- Mr. x purchased 10 acres of agricultural land in a rural area for Rs 10 lacs on 10th june 2019
- Mr. X purchased a piece of plot to construct a residential building for Rs 6 lacs at Ludhiana

viii) He deposits Rs 15 lacs in a scheduled bank in a capital gain account scheme on 30th July 2019 to construct residential house
 ix) Amount invested in Bonds of National Highway Authority of India Rs 8 lacs on 31st March 2019
 Assume that he actually withdraws Rs 12 lacs from the deposit account to complete his residential house

21. Compute income from other sources of Mr. Krishnamurthy who held the following investments during the previous year 2018-19
- Rs 11000, 10% central government securities
 - Rs 36000, 10% tax free commercial securities
 - Rs 6300 received as interest on Tax free public limited company securities (Listed)
 - Rs 7200 received as interest on Karnataka government securities
 - Rs 4500, received as interest on debentures of X Ltd (listed)
 - Rs 30000, 13.5% securities of a paper mill Ltd (listed)
 - Rs 35000, 11% securities of a paper mill co (listed)
 - Rs 10000, 15% Jaipur municipal corporation bonds
 - Dividend from Carona Limited Rs 4000
 - During the year he also got a prize in Karnataka state lottery. The net amount received by him was Rs 35000. Interest on all securities is payable on 1st July and 1st January every year. Bank charges Rs 200 as collection charges

22. Mr. Ramesh, a resident of India submits the following particulars of his income for the assessment year 2019-20

i) Income from house (let out) (computed)	Rs 20000
ii) profit from radio business	Rs 21000
iii) profit from electric business	Rs 4000
iv) speculation income	Rs 12000
v) Short term capital gain	Rs 4800
vi) Long term capital gain from shares	Rs 2500

The following items have been brought forward from the preceding assessment year 2018-19.

i) Loss from cycle business discontinued during the previous year 2015-16	Rs 2000
ii) Loss from radio business	Rs 23000
iii) Unabsorbed depreciation	Rs 2000
iv) Speculation loss	Rs 3000
v) Short term capital loss for the year 2014-15	Rs 4000
vi) long term capital loss for the year 2007-08	Rs 2000

Current year's depreciation amounted to Rs 1000. Compute his total income for the assessment year 2019-20

23. Krishnamoorthy born on 5.1.1975 has the following information

salary income	Rs 1,00,000
Rent from house (per annum)	Rs 58000
Municipal Taxes paid during the year	Rs 6000
Short term capital gain on sale of listed equity shares on 1.9.17 (subject to STT)	Rs 5000
Long term capital gain on sale of gold	Rs 250000
Winnings from lottery (gross)	Rs 50000
Interest on bank deposits	Rs 6000
interest on govt securities	Rs 2000
Interest on debentures of a listed Co	Rs 14000
Deposit in PPF account	Rs 90000
LIP on own life policy (sum assured Rs 200000)	Rs 20000
Crossword puzzle winnings	Rs 80000

Compute the net tax payable by Krishnamoorthy for the assessment year 2019-20