

**B.Com DEGREE EXAMINATION, NOVEMBER 2019**  
**III Year V Semester**  
**Income Tax Law and Practice - I**

**Time : 3 Hours**

**Max.marks :75**

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

Answer any **TEN** questions

1. Define Income.
2. Determine the status of following persons: A) Reliance Industries Limited. B) Punjab National Bank.
3. Calculate the Gross Total Income when the income under the head "Salaries" is Rs.5,95,000 and when the income under the head "other sources" is Rs.8,200.
4. Define Salaries.
5. Mr. A joined his job on 1st September 2014 in the grade of 12,000-500-20,000. Find out his salary for the previous year 2018-19.
6. Mr. Vivek passed his M.B.A., on 15th June 2018 and joined his first job on 15th July @ Rs.40,000 (including allowances). Find out his salary for the assessment year 2019-20. (if salary of the month of March falls due on 31st March)
7. Shri Sankar receives the following emoluments during the previous year 2018-19

Basic Pay	90,000
Entertainment allowance (EA)	12,000
Commission 60% of Basic pay	54,000
Dearness Allowance (DA)	
(Forming part of salary)	10,000

Determine the deduction of EA from salary if  
(i) Shri. Sankar is a Government employee since 1974.
8. If Municipal Rental Value is 5,40,000 and Actual rent is 5,49,000. Calculate the Annual rental value for the property.
9. Discuss the admissibility when the amount spent on acquisition of land for setting up research laboratory Rs.2,00,000.
10. Mr. A purchases Agricultural produce from a cultivator and pays him Rs.30,000 in cash. Discuss the allow ability of the payment made.
11. What do you mean by E-filing?
12. Mention any two types of Assessment.

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

Answer any **FIVE** questions

13. Explain the features of Income.
14. For the assessment year 2019-20 find out the previous year in following cases:
  - a) For a business commencing on 1-1-2019, books of account of which are maintained on calendar year basis.
  - b) An employee joins his job on 10th September 2018.
  - c) A new business is set up on 1st May 2018.
  - d) A new business maintaining accounts on Diwali to Diwali basis (set up on Diwali 2019)
  - e) A persons wins a lottery prize during 2018-19.
15. Mr. Hari is employed at Amritsar on a salary of Rs.30,000 p.m. the employer is paying H.R.A. of Rs.8,000 p.m but the actual rent paid by him (employee) is Rs.12,000 p.m. He is also getting 2% Commission on turnover achieved by him and turnover is Rs.50,00,000. Calculate HRA.
16. Calculate the taxable amount of annual accretion to R.P.F if following information is provided by assessee: 1) pay @ Rs.40,000 p.m, 2) commission received by him on the basis of turnover achieved by him: Rs.1,36,000, 3) employer's contribution to R.P.F. @ 13% of salary and 4) interest credited during the year to R.P.F Balance @ 12% is Rs.64,000.
17. Mr. S. Pratihari has constructed a multi story building at Delhi consisting of 40 flats. Each flat is let out @ 1,000 p.m. the municipal authorities have fixed the rental value of this property as Rs.4,50,000 p.a. the owner bears the following expenses a) LIFT maintenance Rs.12,000 p.a. b) pump maintenance Rs.8,000 p.a. c) salary of gardener and watchman Rs.3,600 p.a. and d) swimming pool expenses Rs.9,000 p.a. compute the annual rental value for the property.
18. Mr. V retired on 31<sup>st</sup> October, 2018. He was entitled to a pension of Rs. 4,000 p.m. At the time of retirement he got  $\frac{3}{4}$  of the pension commuted and received Rs. 4,00,000. He was in receipt of Basic salary of Rs. 10,000 per month, D.A Rs. 5,000 p.m. Entertainment allowance Rs. 1,000 p.m. Compute the Gross Salary for the A.Y 2019-20, if
  - (i) He is a Govt. employee
  - (ii) He is a non Govt. employee entitled to gratuity.
19. Mr. A owns commercial vehicles and uses them for carriage of goods. He provides following information:
  - a) On 1-4-2018 he was owner of 8 vehicles out of which 3 were heavy goods vehicles of 14 gross ton of weight and 5 were other than heavy goods vehicles.
  - b) On 15th October 2018 he sold 2 other than heavy goods vehicles and purchased one new heavy goods vehicle of 16 gorss ton of weight on 20-10-2018.

Find out his income for the assessment year 2019-20 if he opts for scheme given under section 44AE.

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

Answer any **TWO** questions

20. Mr. Ramesh Swain is employed at Hyderabad at a Basic salary of Rs.25,000 p.m and he is also getting following allowances:

a) Dearness Allowance	–	Rs.2,000 p.m
b) Lunch Allowance	–	Rs.1,000 p.m
c) Transport Allowance	–	Rs.2,000 p.m
d) Overtime Allowance	–	Rs.2,000 p.m
e) Medical Allowance	–	Rs.800 p.m
f) H.R.A	–	Rs.5,000 p.m

He is having a family house at the place of his posting but he is living in a rented house and is paying a rent of Rs.7,000 p.m. find out his Gross salary.

21. From the figures given below calculate the expected rental value in each case separately:

Rental value	Case A	Case B	Case C
MRV	30,000	30,000	30,000
FRV	36,000	36,000	36,000
Standard rent	N.A	33,000	42,000

22. Khushi Ram and Sons a partnership firm is running a sweets shop and particular of his income and expenditure for the P.Y 2018-19 are as follows:

Total receipts from sale of sweets (through electronic clearing system) = Rs.85,00,000

Total expenditure on purchase of all materials required to prepare sweet = Rs.56,50,000

Salary and wage paid to workers, etc = Rs. 15,60,000

Rent of shop, shed etc. = Rs.3,40,000

Depreciation = Rs.60,000

Interest and salary to working partners (paid as per sec. 40(b)) = Rs.3,20,000

Compute firm's total income u/s 44AD.

23. Explain the appointment of income-tax authorities.