

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. What is an 'Assessment year'?
2. Write short note on 'Perquisites'.
3. What is "Self-Assessment"?
4. What is permanent account number?
5. Mr. Ramesh left India for the first time on 20.05.16. During the financial year 2018-19, he comes to India on May 27 and stayed for a period of 53 days in India. Determine his residential status for the previous year 2018-19 in India.
6. From the following details, calculate taxable house rent allowance of Mr. X who is working and living in Chennai. Basic salary Rs.78000, Dearness allowance (Forming part of salary) Rs.7800, House Rent Allowance per annum Rs.11700, Rent paid per annum Rs.13200.
7. Mr. A an employee of ABC Ltd., receives Rs.205000 as gratuity under the payment of gratuity Act, 1972. He retires on September 10, 2018 after rendering service for 35 years and 7 months. The last drawn salary was Rs.2700 per month. Calculate the amount of gratuity chargeable to tax.
8. Compute annual value from the following:
 Rent- Rs.7000 p.m., MRV- Rs.80000 p.a., FRV - Rs.70000 p.a., SR - Rs.69000 p.a.
9. Calculate the annual rental value from the Particulars given below

Actual Rent	-	Rs. 6000 p.m.
FRV	-	Rs. 66,000 p.a.
MRV	-	Rs. 60,000 p.a.
Standard Rent	-	Rs. 69,000 p.a.

During the Previous year 2018-19, assessee could not realise rent for two months.
10. A firm's stock of goods valued on 1.4.18 at Rs.250000 at 20% below the cost. Calculate the amount of under valuation of stock.
11. A trader paid Rs. 22250 for advertisement expenses in cash. compute the inadmissible expenses.
12. The following amounts of income have been computed for Mr. Manish for the previous year ended on 31.3.19.
 - (a) Salary accrued and received in India Rs.25000
 - (b) Profit from hotel business in Japan Rs.50000
 - (c) Dividends declared in Japan received in India Rs.10000

Compute the total income of Mr. Manish for the relevant assessment year if he is an ordinarily resident.

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

Answer any **FIVE** questions

13. List out any six incomes which are exempted U/s.10 of the Income tax Act 1961.
14. Following are the income of Sri Amarnath for the financial year 2018-19
- (a) Interest on saving bank deposit in Allahabad Bank, Delhi Rs.1200
 - (b) Income from agriculture in Africa invested in Nepal Rs.10000
 - (c) Dividend received in U.K. from an American Company, a part of which Rs.2000 remitted to India Rs.10000
 - (d) Pension computed received in Belgium for services rendered in India with a Limited Company Rs.20000
- You are required to compute his gross total income for the assessment year 2019-20 if he is (i) a resident ; (ii) Not ordinarily resident ; or (iii) Non-resident.
15. Mr. Y retired on 31.12.2018 and his pension was fixed at Rs.3600 p.m. He got 3/4 th of the pension commuted for which he received Rs.180000 from his employers, a Ltd. Co. Find out taxable amount of commuted value of pension if:
- (a) He gets gratuity and (b) He does not get gratuity (c) He is a Govt. employee.
16. Mr. Nataraj is employed in Delhi and gets the following salary emoluments.
- Basic salary Rs.8000 p.m., DA Rs.6000 p.m. (forming), Bonus Rs.10000., CCA Rs.2000 p.m. Conveyance Allowance Rs.500 p.m.(actual amount spent Rs.4000). He is provided with a rent free house. Calculate taxable value of rent free house on the assumption that the population is 26 lakhs.
17. Compute the annual rental value for the previous year 2018-19 from particulars given below:
- MRV Rs.84000 p.a. FRV Rs.90000 p.a. Standard Rent Rs. 87000 p.a. Real Rent Rs.8000p.m. Unrealised rent Rs.4000
- Date of completion 31-07-2018
- Date of letting: 01-10-2018
18. Profit and loss account of Mr. Vijay is as follows:

Particulars	Rs.	Particulars	Rs.
To Salaries	50000	By Gross profit	200000
To Income tax	9000	By Dividend	20000
To Entertainment expenses	20000		
To Net profit	141000		
	220000		220000

Salary includes Mr. Vijay salary of Rs.30000. Compute income from business.

19. Dr. Mahesh furnishes the following particulars of his professional receipts and payments:

Receipts	Rs.	Payments	Rs.
Consulting fees	110000	Surgical equipment	16000
Visiting fees	48000	Salaries	9200
Rent from property	7200	Personal expenses	23600
		Balance c/d	116400
	165200		165200

Compute his professional income.

Section C ($2 \times 15 = 30$) MarksAnswer any **TWO** questions

20. Mr. P. Chaudhary is employed in a firm of Kolkata and he furnishes the following particulars of his income for the assessment year 2019-20: (a) Salary received after deduction of his own contribution to R.P.F. and income - tax at source Rs.420000
- (b) Income tax deducted at source Rs.18000
 - (c) Own contribution to R.P.F Rs.42000
 - (d) Employer's contribution to R.P.F Rs.42000
 - (e) Dearness Allowance at 50% of first Rs.200000 and 25% of the remaining basic salary per year
 - (f) Interest credited to R.P.F. @ 12% p.a. Rs.24000
 - (g) House rent allowance per annum (Rent paid Rs.10000 p.m.)
 - (h) Reimbursement of medical expenses for eye surgery of his wife (a notified disease) (Hospital is notified) Rs.62000
 - (i) Free refreshment during working hours Rs.9600
 - (j) Free services of sweeper and watchman-Salary paid by employer is Rs.600 p.m. and Rs.9600 p.a. respectively.
 - (k) Free lunch during office hours, the cost of which is estimated at Rs.200 per meal for 300 days.
 - (l) Conveyance Allowance (He does not spent anything) Rs.24000
 - (m) Premium paid on his life policy of Rs.170000. He got himself insured on 10.08.2015 Rs.20000
- Compute his salary income.
21. Mr. B owns a house property at Cochin. It consists of 3 independent equal units and information about the property is given below:
- Unit 1 : Own residence
 - Unit 2 : Let out
 - Unit 3: Own business
 - MRV Rs.120000 p.a.
 - FRV Rs.132000 p.a.
 - Standard Rent Rs.108000 p.a.
 - Rent Rs.3500 p.m.
 - Unrealised rent for three months
 - Repairs Rs.10000
 - Insurance Rs.2000
 - Interest on money borrowed for purchase of property Rs.96000
 - Municipal taxes Rs.14400
 - Date of completion 1.11.1998
- Compute income from house property.

22. The following is the Profit and Loss Account of Mr. Kumar, for the year ended on 31-3-19. compute his total business income for that year.

Particulars	Rs.	Particulars	Rs.
To Opening stock	15000	By Sales	180000
To Purchase	40000	By Closing stock	20000
To Wages	20000	By Gifts from father	10000
To Rent	46000	By Income tax refund	3000
To Repairs to motor car	3000		
To Sales tax paid	2000		
To Medical expenses	3000		
To General expenses	10000		
To Depreciation on car	4000		
To Advance income tax	1000		
To Profit	69000		
	213000		213000

Further information:

- Mr. Kumar carries on his business from rented building half of which is used as his residence.
 - Motor car -3/4th was used for the business, and 1/4th for personal use.
 - Medical expenses were incurred during sickness of Mr. Kumar for his treatment.
 - Wages include Rs.250 p.m. on account of Motor car driver for ten months.
 - Sales tax includes Rs.200 for interest on late payment of sales tax.
23. Describe the powers and functions of the Central Board of Direct taxes.