

B.Com(CS) DEGREE EXAMINATION, NOVEMBER 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 any **TEN** questions

1. What do you mean by the indexed Cost of Improvement?
2. Sri.Ananthanarayan gave the following details. Calculate his taxable capital gains for the previous year 2018-2019.
 - a.) Unlisted shares of Ram & Co. purchased in 1st October 2017 for Rs.39,000 were sold for Rs.72,000 on 31st December 2018. The other expenses for purchase & sale were Rs.1000 & Rs.2000 respectively.
 - b.) Debentures of TVS Co. purchased in 1st December 2018 for Rs.45,000 were sold for Rs.36,000 on 5th March 2019. The other expenses for purchase and sale were Rs.500 & Rs.600 respectively.
3. What do you mean by Bond Washing Transaction?
4. Sri.A.P.Selvaraj provided the following data of his income for the previous year 2018-2019. Calculate his income from other sources for the financial year 2018-2019.

a. Dividend from Reliance Ltd.	Rs.99,000
b. Dividend from Foreign Company	Rs.72,000
c. Dividend from Cooperative Society	Rs.18,000
5. What will be the tax implication if the transferor transfers any of his or her income to the transferee without transferring the asset being the source of such transferred income?
6. What do you mean by the Intra and Inter Head Set-off?
7. Briefly state the provision of deduction in respect of interest on savings accounts.
8. Compute the deduction under Section 80C from the information given by Mr.Srinivasan for the previous year 2018-2019. Gross Total Income Rs.2,50,000, Life Insurance Premium paid on the life of self, spouse and his child Rs.27,000; Contribution made by Employer and Employee to the Recognised Provident Fund Rs.9000 each; Deposit in 5 years Post Office Time Deposit Rs.25,000; House Loan repayment Rs.40,000; Tution fee of Child Rs.21,000.
9. What are the rates of income tax on long term capital gain and winnings from lotteries, races, gambling and betting?
10. What do you mean by the firm assessed as such?
11. Mr. Ganeshan entered into three transactions in the previous year 2018-2019 and made Short term capital gain, Short term capital loss and Long term capital gain of Rs.15,000, Rs.63,000 and Rs.32,000 respectively. Compute the taxable capital gain of Mr. Ganeshan for the assessment year 2019-2020 by applying the set-off provision.
12. Calculate the taxable income of Mr.Madhavan for the previous year 2018-2019 from the following:

a. Winnings received from Lottery	Rs.3000/-
b. Winnings from Crossword puzzles	Rs.3500/-
c. Winnings from Horse races	Rs.32,000/-
d. Winnings from Kolkatta Lottery	Rs.39,000/-

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

Answer any **FIVE** questions

13. Present slab-wise rates of income tax applicable on the total taxable income of individuals, senior and super senior citizens along with the surcharge and cess if any.
14. Briefly list out any five deductions from Gross Total Income as per Sections 80 C to 80U.
15. Compute the income tax liability of Mr.Ram (aged 50 Years) from the following details for the previous year 2018-2019.

	(in Rs.)
a. Interest on Bank deposit	1,00,000
b. Winnings from Lottery	18,000
c. Interest on Government Securities	25,000
d. Short term capital gain on sale of land	15,000
e. Rent received from let out house	30,000
f. Long term capital gain on sale of unlisted equity shares on 01.08.2018	25,000
g. Municipal taxes paid	3,000
h. Expenses allowed from Royalty income	10,000
i. Royalty income	5,00,000

He has deposited Rs. 40,000 in Public Provident Fund in the previous year.

16. Master Simbu aged 14 years had following incomes during 2018-2019.
 - a. Interest from the Government Securities Rs.1,00,00,
 - b. Interest on Debentures Rs.50,000,
 - c. Interest on Bank Deposits Rs.90,000,
 - d. Incomes through acting, singing and dancing are Rs.2,00,000, Rs.1,00,00 & Rs. 81,000 respectively,
 - e. His father's and mother's income is Rs.3,00,010 and Rs.3,00,020.

Using the clubbing of income provisions, decide the tax implication for the assessment year 2019-2020.

17. Compute Mr.Ravi's capital gains for the assessment year 2019-2020 from the following data.
 - a. House acquired on 01.01.1972 for Rs.30,000, sold on 01.02.2019 for Rs.1 Crore 40 lacs, Fair Market Value on 01.04.2001 was Rs. 10 lacs.
 - b. Jewels acquired on 01.08.1997 for Rs.40,000, sold on 04.02.2019 for Rs. 2,50,000.
 - c. CII for 2018-2019 - 280, CII for 2001-2002 or before - 100

18. Mr.John received the following incomes during the year ended 31st March 2019.

a. Rs. 1,000	as interest on Central Government Bonds
b. Rs. 5,600	as interest on debentures of 'A' Ltd. (unlisted)
c. Rs. 2,700	as interest on debentures of 'B' Ltd. (listed)
d. Rs. 7,200	as interest on debentures issued by local authority
e. Rs. 4,800	as interest on tax free debentures of 'C' Ltd (Unlisted)

Determine his income from other sources being the interest on investments in securities.

19. During the previous year 2018-2019, Mr.Ravichandran received the following gifts (Money):

	(in Rs.)
a. Cash gift from his spouse	50,000
b. Cash gift from a friend	1,00,000
c. Cash gift from another friend	56,000
d. Cash gift from brother	65,000
e. Cash gift received by a will from grandmother	3,00,000
f. Cash gift from friend at the time of marriage of Mr. Ravichandran	60,000
g. Cash gift from father's friend	25,000
h. Without consideration, received property [stamp duty value]	15,00,000

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

Answer any **TWO** questions

20. Mr.S.P.Balasubramaniam (aged 45 years) gave following data of his incomes & payments:

	(in Rs.)
a. Salary	150,000
b. Winnings from Puzzles	110,000
c. Annual House Rent	90,000
d. Municipal tax paid for House	7000
e. Life Insurance Prem. Paid for self	30,000
f. STCG from listed shares	14000
g. Deposit in RPF	20,000
h. LTCG	300,000
i. Interest on Debentures	19,000
j. Interest on Bank Savings	9000
k. Lottery Gross Winnings	70,000.

Calculate the net tax payable by him for the assessment year 2019-2020.

21. Compute the income from other source of Mr.Balamukandan who furnishes the following particulars for the previous year 2018-2019.

	Rs.
a. Dividend on equity shares (gross)	600
b. Dividend on preference shares (net)	3,500
c. Income from composite lease of building & machines	17,000
d. Interest on bank deposits	2,500
e. Director's sitting fees	1,200
f. Ground rent	600
g. Income from undisclosed sources	10,000
h. Income from lotteries (Gross)	10,000
i. Interest on late payment of compensation	1,40,000

Deductions claimed by him are:

- Collection charges of dividend Rs. 20.
- Allowable depreciation on building and machinery Rs. 4000.
- Insurance on building and machinery Rs.100.

22. Ms. Preeti sells a residential house property in Madurai for Rs.90 lakhs on May 20, 2018 which was purchased by him on Apr 25, 1965 for Rs.50,000. Fair market value on 01 Apr 2001 was Rs.2 lakh. He purchases a new residential house property for Rs.10 lakhs on 28th March 2019 which is not fully constructed and deposited Rs.5,00,000 on July 31,2019 (being the last date

for furnishing return of income for the assessment year 2019-2020) in a bank account specified for the purpose of Section 54.

Compute the amount of capital gains chargeable to tax for the previous year 2018-2019. [CII for 2018-2019 - 280, CII for 2001-2002 or before – 100]

Assuming that Ms.Preeti will be withdrawing Rs 4 lakhs from the deposit account and will be completing the construction of the house property in Jan 2020 and thereafter on May 20, 2021 will be further withdrawing the left out unutilised amount remaining in the deposit account, compute the amount of deemed capital gain for the to be previous year 2021-2022.

23. Sri Venkataramanan earned gross total income of Rs. 8,00,000 in the previous year 2018-2019 and made following donations during the year.
- a. Rs. 60,000 as Chief Minister's Earthquake Relief Fund, Gujarat
 - b. Rs.30,000 to National Foundation for Communal Hsarmony
 - c. Rs.38,000 to a University (of National Eminence)
 - d. Rs. 41,000 to Jawaharlal Nehru Memorial Fund
 - e. Rs. 35,000 to Govt. of India for promotion of family planning.
 - f. Rs.70,000 to State Government
 - g. Rs.45,000 to Municipal Committee
 - h. Medclaim premium paid by Cheque to GIC Rs. 10,000

Compute his total income for the assessment year 2019-2020, using Section 80G for donations made to the concerned authorities.