

B.Com(Hons) 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 **ALL** the questions

1. Explain the basic conditions for determining the residential status of an individual.
2. What is Gross total Income?
3. Mr. Rajesh, an Indian citizen employed in U.K came to India for a visit on 4th August 2016 and left again on January 4th 2017. He was in India again from 31st December 2018 till 4th April 2019. Determine the residential status for the previous year 2018-19.
4. Mr. X, a resident of Pune, receives Rs. 5,00,000 as Basic salary and Rs.1,20,000 as D.A.(enters) and commission on profits @5% (profit for the period Rs. 20,00,000). HRA – Rs.36, 000 p.a and he pays a rent of Rs. 70,000 p.a. Calculate the amount of HRA exempted from tax.
5. R, an employee of ABC Ltd., receives Rs. 2,05,000 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. 2,700 p.m. Calculate the gratuity chargeable to tax.
6. Municipal value – Rs. 1,20,000. Fair rent – Rs. 1,30,000. Standard Rent – Rs. 1,10,000. Actual Rent – Rs. 1,26,000. Find out GAV.
7. A trader paid Rs. 15,250 for advertisement expenses in cash. Compute the inadmissible expenses.
8. What is belated return?
9. Who is an Assessing Officer?
10. Write a short note on PAN.

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

Answer any **FIVE** questions

11. Explain any 5 incomes which are totally exempt from tax.

12. Mr. D earns the following income during the FY 2018 – 19.

	Rs.
(i) Dividend from Indian company	10,000
(ii) Pension from former employer in India received in America	40,000
(iii) Profit from business in Paris controlled in India (half remitted to India as received)	2,00,000
(iv) Income from Agriculture in Bhutan received there & Brought to India	50,000

Compute taxable income if he is resident, not ordinarily resident and non-resident.

13. Viswa, an employee of A Ltd. Co., working at Madurai (Population 18 lakhs) draws Rs.60,000 as basic salary. Rs.5,000 as dearness allowance (forming part of salary) and Rs.6,000 as commission. The company provides a rent-free unfurnished house to him. The house is owned by the company. Fair rent of the accommodation is Rs.5,000 p.a. Income tax, gas, water and electricity bill paid by employer Rs.4,000 and 6,000 respectively. Determine the taxable value of the perquisite.

14. During the P.Y 2018-19 the following allowances are given to Mr.Y by the employer company.

	Rs.
(a) Transport allowance	16,000
(b) Tribal area allowance	8,000
(c) Children education allowance for 3 of his children @ Rs.90 per month per child	3,240
(d) Hostel expenditure allowance for 2 children: For his daughter @ Rs. 250 p.m:	3,000
For his son @ Rs. 500 p.m:	9,000
(e) Running flight allowance in the course of running of such transport	1,00,000

Determine the amount of taxable allowance.

15. Mr. Landlord has given the following particulars of his own house.

a. Date of completion of construction	31.3.1996
b. Municipal rental value	3,60,000
c. Actual rent received	3,00,000
d. Municipal rent paid	36,000
e. Ground rent	1,000
f. Interest on loan taken for construction	50,000

Compute his income from house property for the AY 2019-20. Out of municipal taxes of house 'A' Rs.18,000 are paid by the tenant.

16. Dr. Mahesh furnishes the following particulars of his professional receipts:

Receipts	Rs.	Payments	Rs.
Consulting fees	1,10,000	Surgical equipment	16,000
Visiting fees	48,000	Salaries	9,200
Rent from property	7,200	Personal expenses	23,600
		Balance c/d	1,16,400
	1,65,200		1,65,200

Compute his professional Income.

17. Jagan is engaged in the business of manufacturing Glass. The details of his Plant & Machinery are given below:

	Rs.
W.D.V on 1.4.2018	5,00,000
Additions during the year(1-8-2018)	6,00,000
Sales of a part of assets during the year	10,00,000

Rate of depreciation for P & M is 15%. Compute depreciation of PY 2018- 19 and WDV on 31.3.2019.

18. What are the various types of Assessments?

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

PART - A - Case Study - Compulsory Question

19. The following is the profit & loss a/c of Mr. Roy for the year 2018 - 19.

Particulars	Rs.	Particulars	Rs.
To Rates and taxes	450	By Gross profit	14,623
To establishment (staff)	1,750	By Bank interest on personal deposits	577
To Rent	600		
To Household expenses	1,450		
To Discount	250		
To Advertisement	200		
To Income-tax	480		
To Postage, stationery	810		
To Fire insurance	150		
To Gifts and presents	160		
To Charity ad donations(to approved institutions)	1,140		
To Purchase of plant & machinery (not yet installed)	1,500		
To Repairs of furniture	50		

To Interest on loan	1,000		
To Life insurance premium	600		
To Reserve for doubtful debts	700		
To interest on capital	250		
To Net profits	3,660		
	15,200		15,200

Ascertain the business income of Mr. Roy for PY 2018 - 19.

PART - B

Answer any **ONE** questions

20. Mr. X an employee of Tamil nadu govt. submits the following information for the AY 2019-20.

Salary Rs.86,000, Entertainment allowance Rs.8,000, Bonus Rs.10,200, Education allowance Rs. 4,000, Education allowance Rs.4,000 (for her grand children) , Income tax penalty paid by employer Rs.2,000 , Medical expenses reimbursed by employer Rs. 2,000, Leave travel concession Rs. 1,000, Free residential telephone Rs.4,000, Free refreshment during office hours Rs.4,000, Payment of electricity by employer Rs. 1,060, Reimbursement of gas bills Rs.1,000, Professional tax paid by employer Rs. 300, Professional tax paid by Mrs. X Rs. 150,

Mrs. X is provided with a car of more than 1.6 ltr for both personal and official use and expenses of maintaining and running the car with chauffeur are borne by the employer. Contribution to PPF RS. 1,20,000.

(Principal amount) Repayment of loan taken for purchase of house Rs. 70,000.

Determine the taxable salary and amount deductible u/s 80C.

21. Compute income from house property for AY 2019-20.

Date of completion:	1.11.92
Municipal rental value	Rs. 36,000
Fair rental value	Rs. 30,000
Self occupied	2/3 portion

Let out 1/3 portion from 1.4.2018 to 31.8.2018 at Rs.1,000 p.m and Self occupied from 1.9.2018 onwards

Municipal taxes	Rs. 3,000 p.a
Fire insurance premium	Rs. 2,400 p.a
Ground rent	Rs. 4,200 p.a
Interest on loan	Rs. 7,500 p.a.