

**B.Com(A&F) DEGREE EXAMINATION, NOVEMBER 2019**  
**III Year V Semester**  
**Income Tax Law & Practice I**

**Time : 3 Hours**

**Max.marks :75**

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

Answer any **TEN** questions

1. What is Assessment Year?
2. Define Person.
3. What is PAN?
4. Andy, a British national, comes to India for the first time during 2014-15. During the financial years 2014-15, 2015-16, 2016-17, 2017-18 and 2018-19, he was in India for 55 days, 60 days, 80 days, 160 days and 70 days respectively. Determine his residential status for the assessment year 2019-20.
5. List out the tax slabs for a super senior citizen for the AY 2019 – 20.
6. Mr. X joined A Ltd. for a salary of Rs. 5,000 p.m. on 1/4/2016. In the year 2017-18 his increment decision was pending. On 1/4/2018, his increment was finalized as for 2017-18: Rs. 1,000 p.m. and for 2018-19 Rs. 1,500 p.m. Such arrear salary received on 5/4/2018. Find Gross taxable salary. Further, salary of April 2019 has also been received in advance on 15/03/2019.
7. Ashok, an employee of ABC Ltd., receives Rs. 2,05,000 as gratuity under the Payment of Gratuity Act, 1972. He retires on 10th September, 2018 after rendering service for 35 years and 7 months. The last drawn salary was Rs. 2,700 per month. Calculate the amount of gratuity chargeable to tax.
8. Calculate Pre-construction interest on loan allowed for AY 2019 – 20  
Loan taken on 1.1.2010 @ 12% p.a. for Rs. 5,00,000  
Construction period – 1/8/2010 to 31/3/2015.
9. Compute the Income from House Property from the following case  
Municipal Value - Rs. 2,00,000 Fair Rental Value - Rs. 2,50,000  
Interest on Loan Paid – Rs. 2,55,140/- It is a Self Occupied Property.
10. Compute the Profit from Business / Profession under Presumptive Taxation.  
Total Turnover - Rs. 1,75,00,140 (Sale of Goods)
11. State the allowability of following expenses:  
(i) Income Tax of Proprietor  
(ii) Car Maintenance Expenses (Used only for Personal Purpose)

12. Calculate the amount deductible under Sec. 80C

Life Insurance Premium	-	Rs. 1,10,220
Mediclaim Insurance	-	Rs. 44,110
Term Insurance Premium	-	Rs. 45,007

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

Answer any **FIVE** questions

13. Explain the various heads of Income.
14. What do you mean by e-filing of returns? List out any five ITR Forms available for e-filing.
15. Ram provides the following details of income. Calculate the income which is liable to tax in India for the AY 2019 – 20, assuming he is  
(i) Ordinarily Resident (ii) Non Resident

Particulars of Income	Rs.
Salary received in India from a former employer in UK	1,40,000
Income from tea Business in Nepal controlled from India	10,000
Interest on company deposit in Canada (1/3rd Received in India)	30,000
Income from a property in India received in USA	45,000
Income from a property in London received in Canada, thereafter remitted to India	2,50,000

16. Compute the taxable house rent allowance of Mr. Abhijeet from the following data:
- (i) Basic Salary 5,000 p.m.,  
(ii) D.A.(entering in Service Benefits) Rs.2,000 p.m.,  
(iii) HRA Rs.4,000 p.m., (iv) Rent paid Rs.4,000 p.m. in Pune.  
On 1/07/2018, there is an increment in Basic salary by Rs.1,000  
On 1/10/2018, employee hired a new flat in Kolkata at the same rent as he was posted to Kolkata.  
On 1/01/2019, employee purchased his own flat and resides there.

17. Calculate Reasonable Expected Rent From the following data

Particulars	House 1	House 2	House 3	House 4	House 5
Municipal Value(Rs.)	10,000	12,000	12,000	18,000	16,000
Fair Rent(Rs.)	8,000	16,000	16,000	10,000	17,000
Standard Rent(Rs.)	10,000	14,000	-----	8,000	20,000

18. C Limited, a manufacturing enterprise has a Block – 15% (Plant) with WDV on 1/4/2018 for Rs.10,00,000. Subsequently it purchased the following plant.

Assets	Date of Acquisition	Cost(Rs.)	Rate of Dep	Remarks
Plant A	07/04/2018	6,00,000	15%	Installed on 7/5/2019
Plant B	07/12/2018	2,00,000	15%	
Plant C	05/05/2019	2,50,000	15%	
Plant D	06/12/2018	1,00,000	15%	

Calculate the quantum of additional depreciation allowable for AY 2019 – 20.

19. From the following particulars of Vijay, compute the Income from business.

Profit & Loss Account for the Year Ending 31-03-2019

Particulars	Rs.	Particulars	Rs.
To Opening Stock	4,00,000	By Sales	1,40,00,000
To Purchases	1,30,00,000	By Closing stock	4,80,000
To Salaries	8,00,000	By HP Income	80,000
To Rent, Rates & Taxes	1,20,000	By Dividend (Ind. Co.)	9,000
To Legal Charges	40,000		
To Misc. Exp	20,000		
To Provision for Bad Debts	50,000		
To Provision for IT	40,000		
To Salary to Vijay	36,000		
To Depreciation	40,000		
To Net Profit	23,000		
	1,45,69,000		1,45,69,000

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

Answer any **TWO** questions

20. Distinguish between capital and revenue(Receipts and Expenses).
21. Sri. Mugal joined Star Limited on 01/04/2018. Details regarding his salary are as follows:

Particulars	Rs.
Basic	5,000 p.m.
Dearness Allowance	2,000 p.m.
Education Allowance	1,000 p.m.(1 Son & 3 Daughters)
Hostel Allowance	2,000 p.m.(none are staying in hostel)
Medical Allowance	1,000 p.m.(Actual Exp – Rs.3,000)
Transport Allowance	1,800 p.m.(office to residence & Vice Versa)
Servant Allowance	1,000 p.m.
City Compensatory Allowance	2,000 p.m.
Entertainment Allowance	1,000 p.m.

Assistants Allowance	3,000 p.m.(Actual Exp – Rs.2,000 p.m.)
Professional Development Allowance	2,000 p.m.
Bonus	24,000 p.a
Commission	9,000 p.a.
Fees	5,000 p.a.

Compute Taxable Salary Income.

22. Sri. Rajesh owns two house properties both of which are let out. Compute his income under the head house property

Particulars	H1 – Gaya	H2 – Mumbai
Gross Municipal Value(Rs.)	1,00,000	2,00,000
Fair Rent(Rs.)	95,000	2,10,000
Standard Rent(Rs.)	90,000	2,00,000
Actual Rent Receivable(Rs.)	1,00,000	1,80,000
Unrealised Rent of Current Year(Rs.)	8,000	2,000
Municipal Tax	10%	1,000
Fire Insurance(Rs.)	2,000	1,200
Repairs(Rs.)	----	2,000
Interest on Loan(Rs.)	10,000	Nil

Note: Municipal tax on H1 – Unpaid during the year; H2 – 50% Paid by tenant

23. Sri. Sunil is a practising CA. He also runs a private coaching institute. The summary of receipts and payments accounts are given below:

Receipts	Rs.	Payments	Rs.
To Balance b/d	20,000	By Office Expenses	18,000
To Audit Fees	2,00,000	By HP Tax	800
To Professional Fees	1,00,000	By Coaching Expenses	800
To Coaching Fees	1,200	By Personal Expenses	5,000
To Interest on Investment	2,000	By Membership Fees	500
To Examiner's Remuneration	1,000	By LIC Premium	13,000
To Rent from Property	5,000	By Income Tax	5,000
		By Motor Car (Cost)	1,80,000
		By Car Expenses	10,200
		By Insurance (HP)	1,600
		By Balance c/d	94,300
	3,29,200		3,29,200

Additional Information:

- (a) 20% of motor car is used for professional purpose.  
 (b) Depreciation Allowance on Motor Car as per IT Rules – Rs.27,000 on Original Cost.

Compute the Income from Profession.