

B.Com(CS) DEGREE EXAMINATION, APRIL 2020
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. Write short notes on :
 - a) Assessment year
 - b) Previous year
2. How is residential status determined?
3. Mr. Ravinder is in receipt of annual salary of Rs. 2,00,000. He is provided with a furnished accommodation at Gurgaon (population is 11 lakhs) for which his employer pays a rent of Rs. 4,000 p.m. and deducts Rs. 1,000 p.m. from employee's salary. The cost of furnishing of the residence amounts to Rs. 30,000. Calculate the value of prerequisite if house is occupied for 9 months only.
4. What are the different forms of salary?
5. Mr. D owns a house at Vijay Nagar and submits the following particulars:

Rent received	Rs. 1,75,000
Municipal value	Rs. 1,70,000
Standard rent	Rs. 1,60,000
Fair rent	Rs. 1,72,000

Municipal tax @ 12% on Municipal value and sanitary charges 2%. Calculate the net annual value.
6. What is meant by Net Annual Value?
7. What are deemed business profits?
8. What is depreciation?
9. What is filing of return?
10. What is self –assessment?
11. What is unrealised rent?
12. What is provident fund?

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

Answer any **FIVE** questions

13. Who are the various types of persons coming under the scope Income Tax? Briefly explain.
14. Which of the following incomes are taxable when the residential status of Mr. Anil is:
 - (i) Resident
 - (ii) Not ordinarily resident
 - (iii) Non Resident.
 - a. Income accrued in Canada but received in India Rs. 2,000.
 - b. Rs. 5,000 were earned in Africa and received there but brought to India.
 - c. Rs. 5,000 earned in India but received in Canada.
 - d. Rs. 10,000 earned and received in Sri Lanka from a business controlled from India.
 - e. House property income (computed) from Sri Lanka Rs. 2,000
 - f. Pat untaxed foreign income, brought to India during the previous year Rs. 4,000.
 - g. Profit earned from a business in Kanpur Rs. 10,000.

15. Mrs. X retired on 31.12.2018 and her pension was fixed at Rs.3,600 p.m. She got $\frac{3}{4}$ of the pension commuted for which she received Rs. 1,80,000 from her employer, a Ltd. Company. Find out the taxable amount of commuted value of pension is (a) She gets gratuity, (b) she does not get gratuity.
16. Mr. Akbar owns a house property in Arun Nagar and the details for the PY 2018-19 are as follows:
- Rent received Rs. 2,75,000
Municipal value Rs. 2,70,000
Standard rent Rs. 2,60,000
Fair rent Rs. 2,72,000
- Municipal tax @ 12% on Municipal value and sanitary charges 2%. Interest on loan for house property paid Rs. 31,000. Calculate let out income.
17. Following is the Profit and Loss Account of Kesari Malya for the previous year 2017-2018.

Profit and Loss account

To salaries	25,650	By gross profit	80,000
To rent	1,000	By bank interest	450
To commission on sales	100	By bad debts recovered (last year allowed)	2,000
To income tax	2,600	By rent from house property	4,800
Entertainment expenses	600	By interest on commercial securities	2,000
Commission paid to collect interest on securities	25		
Embezzlement by cashier	1,000		
Municipal tax of H.P.	600		
Bad debts (allowed)	450		
Repairs to house	1,625		
Office expenses	9,180		
Depreciation	5,000		
L.I.C. premium	1,320		
Net profit	40,100		
	89,250		89,250

Depreciation on the assets is Rs. 4,500

Compute the taxable business income for the assessment year 2018-2019.

18. Shri Rajan purchased a Car in April 2015 for Rs.3,80,000 for his professional use. On July 1st 2018, he gifted the car to his son Rahul, who uses it fully for his professional purposes. The market value of the car on the date of gift was Rs.3,40,000. Find out the cost of the car for computation of depreciation for the previous year 2018 - 19.
19. Explain the procedure for filing of return under various circumstances?

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

Answer any **TWO** questions

20. Mr. Dinesh earns the following incomes during the financial year 2018-19.

(i) Dividend paid by an Indian company but received in London	10,000
(ii) Pension from former employer in India, received in America	Rs.40,000
(iii) Profits earned from business in Paris, controlled from India (half of the profits received in India)	Rs. 2,00,000.
(i) Income from property in Sri Lanka, received there	Rs.40,000.
(ii) Income from agriculture in Bhutan, received there and brought to India	Rs. 50,000.

Determine the total income of Mr. Dinesh for the previous year 2012-13, if he is a

- 1) Resident and ordinarily resident
- 2) Resident but not ordinarily resident
- 3) Non- resident.

21. Mr. Murugan gives you the following particulars of his income earned during the previous year 2018 -19. He is a government employee in Dindugal

Net salary(after deduction of tax deducted at sources and own contribution to Recognised Provident fund)	1,40,000
Tax deducted at sources by employer	10,000
Own contribution to RPF	10,000
Employer contribution to RPF	10,000
Entertainment allowance(P.M)	1,000
Professional tax	1,500
House Rent allowance (Actual Rent paid by him is 600 p.m. (Dindugal)	750 p.m.
Interest credited to the P.F. @ 15.5% on 15.2.2019	3,300

Determine the taxable salary of Mr. Murugan for the assessment year 2018 -19.

22. Shri K. Choudhary, a resident individual, owns a house in Kolkata, which consists of two equal independent units the municipal valuation of which is fixed at Rs.18,000 by Kolkata Corporation after deducting 10% as an allowance for repair from gross rental value. He has let out one-half portion of the building for Rs.1,100 per month after the construction was completed on 31-1-2013 and other half is self-occupied. Compute the taxable income of Shri Choudhary under the head 'Income from House property' from the following particulars for the assessment year 2019-20:

	Rs.
He paid Municipal Taxes	1,200
Tenant paid Municipal Taxes	600
He spent-for repairs	750
for ground rent	300
for Insurance Premium (for the House)	400
for Interest on loan for house construction	500
for collection charges	350
for annual charge	600

Let-out portion remained self-occupied for two months (1-2-2019 to 31-3-2019) in the year. His total income other than from house property was Rs.30,000 for the year.

23. From the following statement, compute the income from profession of Dr. S.K. Kapoor is accounts are maintained on mercantile system:

To Dispensary rent	36,000	By visiting fees	45,000
Electricity and water charges	6,000	Consultation fees	1,25,000
Telephone expenses	6,000	Sales of medicines	72,000
Salary to nurse and compounder	36,000	Dividends	5,000
Dep. on surgical equipment	6,000		
Purchase of medicines	36,000		
Depreciation on X –ray machine	4,000		
Income tax	5,500		
Donation to Rama Krishna Mission	4,000		
Motor car expenses	9,600		
Dep on car	4,800		
Net income	93,100		
	2,47,000		2,47,000

Notes:

1. Electricity and water charges include domestic bill of Rs. 2,500.
2. Half of motor car expenses are for professional use.
3. Telephone expenses include 40% for personal use.
4. Opening stock of medicines was Rs. 6,000 and closing stock was Rs. 4,000