

B.Com(CS) DEGREE EXAMINATION, APRIL 2020
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. Compute the taxable capital gain from particulars given below:
 - i) Net consideration of a residential house Rs.10,00,000 (2-6-2018) [CII.: 280]
 - ii) Cost of acquisition of this house Rs.2,10,000 (1-5-2007) [CII.: 129]
 - iii) New house acquired on 1-9-2018 for Rs.2,00,000.
2. Find out inflated cost for assessment year 2019-2020
Cost of house purchased in 1979-80 for 90,000
Fair market value on 1.4.2001 being 1,50,000
CII for 2001-02 is 100: for 2018-19 is 280.
3. Mr.Sreenivas submits the following particulars of his income for the previous year ending March 31, 2019.

Dividends from X Ltd., a foreign company(Gross)	Rs. 40,000
Dividends from Y Ltd., an Indian company(Gross)	Rs. 30,000
Dividends from Co-operative society	Rs. 3,000

Determine the chargeable income under the head 'Other Sources'.
4. Calculate the gross amount is Rs. 2,00,000 is invested in 9% tax free commercial securities (unlisted).
5. Mr.Ram transferred a property worth Rs.2 lakhs to his son's wife on 10th June, 2015. The income accrued to her from the property was Rs. 30,000 during the P.Y: 2018-19. Who is liable to pay tax?
6. Mr. X furnished the following details:

Salary income	Rs. 42,000
Income from house property:	
House A	Rs. 38,000 (Income)
House B	Rs. 17,000 (Loss)
House C	Rs. 21,000 (loss)

Compute his income for the assessment year 2019-2020.
7. Compute the deduction allowable u/s 80-D to an assessee having the following incomes for the A/Y 2019-2020 (age 30years)

	Rs.
Business income	83,000
Interest on debentures	49,000
Payment of medical insurance premium on own life	3,000
Preventive medical check- up of wife	4,500

An expenditure of Rs. 27,000 is incurred for medical purpose of his father who is of 82 years.

8. Selvam, a resident individual, has paid Rs. 5,000 for medical treatment of his dependent brother being a person with disability and also deposited with LIC for the maintenance of the dependent brother Rs. 30,000. Find out the amount of deduction allowable u/s 80DD.
9. Mr.Arun informs you that his total income computed under the income tax act, is Rs. 5,20,000. Calculate the tax liability for the AY: 2019-2020.
10. Determine the tax liability of Mr.Suresh in the following cases:
 - a) Taxable income is Rs. 1,00,000
 - b) Taxable total income is Rs. 60,00,000
 - c) Taxable total income is Rs. 1,80,00,000.
11. Define the term Gross total income.
12. What is in AOP?

Section B (5 × 5 = 25) Marks

Answer any **FIVE** questions

13. Mr Ghosh sold a house on 1.9.2018 for Rs. 15,00,000. This house was inherited by him during 2001-02 from his father who had constructed it in 1991-92 for Rs.50,000. Mr Ghosh spent Rs. 50,000 on renovation of the house in 2006-07. Fair market value of the house as on 1.4.2001 was Rs. 4,50,000. This house was under negotiation for sale in May, 2010 and he received Rs. 20,000 as advance money. The contract could not materialize and the advance money was forfeited. Compute the amount of capital gains assuming that he does not qualify for any exemption.
C.I.I. for 2001-02 : 100, 2006-07: 122, 2010-2011:167 , 2018-2019 : 280
14. Mr.Arun owns horses at Bombay and Bangalore. These horses run for races at the race course. During the year 2018-19, Mr.Arun submits the following information:

Expenses on race horse at Bombay	2,60,000
Expenses on race horses at Bangalore	4,30,000
Stake money earned by horses at	
a) Bombay	1,20,000
b) Bangalore	5,00,000

Mr.Arun received Rs. 1,05,000 on 1.7.2018 on betting during horse races at Bombay. Compute his taxable income under other sources.

15. The following are the particulars of income and loss of an individual under different heads of income. Set-off losses in the assessment year 2019-20 and find out the net results:

Income from house property A	5,000
Loss from house property B	(-) 8,000
Income from interest on securities	20,000
Loss from a cycle business	(-) 20,000
Profit from speculation business	20,000
Loss from short-term capital asset	6,000
Long term capital loss	25,000
Long term capital gain(Investments)	21,000

16. Shri Anil earned total income of Rs. 5,00,000 in the previous year 2018-19 and made the following donations during the year:

Rs. 10,000 to Chief Minister's Earthquake Relief Fund Gujarat.

Rs. 15,000 to National foundation for Communal Harmony.

Rs. 20,000 to Municipal Corporation approved for promotion of family planning.

Rs. 45,000 to approved institutions.

Rs. 20,000 to Swachh Bharat Kosh.

Compute the amount of deduction admissible to him u/s 80G for the assessment year 2019-20.

17. Who can claim deductions u/s 80D and how much?
18. Explain the need of clubbing of income of one individual with that of another for tax purpose.
19. Distinguish between Partnership firm and AOP.

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

Answer any **TWO** questions

20. Mr.Siddaramaiah sold the following assets during the year 2018 -19 as he has discontinued his business:

Sale Proceeds	Rs.
(a) Land purchased in 2001-02 [C.I.I = 100] situated at Mysore for Rs.80,000	2,70,000
(b) Machinery purchased for Rs.12,000 in 2004 (written down value 1-4-2018 Rs.6,000/-)	21,000
(c) Office furniture purchased in April 2018 for Rs.1,200	1,700
(d) Shop purchased in 2004-2005 [C.I.I. = 113] for Rs.90, 000 (kept as investment)	2,60,000

- (e) Residential house purchased in 2001-2002 for Rs. 70,000 sold 3,50,000 on 15-4-2018
- (f) Rs.10,000 10% Debentures purchased on 1-5-2018 sold on 16th March, 2019 (Interest is payable in June and December every year) 12,000

He purchased another residential house on 15-3-2018 for Rs. 6,50,000 during the year. Compute his taxable income under the head Capital Gains if C.I.I. for 2018-19 is 280.

21. Compute income from other sources from particulars given below:

Interest on deposits with a company	10,000
University remuneration for working as examiner	6,000
Royalty for writing books	
He claims to have spent Rs. 20,000 on writing these books	60,000
Dividend declared by R. Co. on 1-3-2019 but paid on 1-5-2019	6,000
Interim dividend paid on 1-5-2018	3,000
Stake money on race horses	1,50,000
Horses are maintained by him and expenses on maintenance of these horses are	2,40,000
Family pension received	36,000

22. A is a Professor in a Kolkata [population above 25 lakhs] College getting a salary of Rs. 35,000 p.m. plus 35% on account of dearness allowance. He contributes 12% of his salary to Recognised Provident Fund and employer contributes the same amount. He is also hostel warden and has been provided with rent- free unfurnished accommodation whose annual rental value is Rs. 12,000 p.m. he owns a house which is let out at Rs.8,000 p.m. and he pays municipal taxes amounting to Rs.9,600 p.a.

During the previous year he received the following incomes:

- I. 10% dividend on shares of Rs. 12,000.
- II. 15% dividend on Rs. 20,000 units of U.T.I.
- III. 12% interest on debentures of Rs. 60,000
- IV. Rs. 24,600 being one-third share of profits in an A.O.P.
- V. Rs. 2,400 dividend from a company.
- VI. Rs. 13,000 as interest on Bank deposit saving A/c)
- VII. Interest on government securities Rs. 19,400.

He has insured his life for Rs. 6,00,000 and paid Rs. 60,000 as annual premium.

Ascertain his total income and tax payable for the assessment year 2019-2020.

23. What deductions are allowed u/s (80CCC) of the Income tax act 1961?