

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

1. What do you mean by self generated assets?
2. Household furniture costing Rs.8,000 purchased in 1972, sold for Rs.20,000 in August 2018. Calculate capital gain.
3. What do you understand by the term Bond washing transactions?
4. Family pension received by Mrs. X is Rs. 24,600. Compute Taxable family pension.
5. Sanjay gives the information for A.Y 2019-20. Salary Income (Gross) Rs. 63,000, Business income Rs. (-) 80,000, House property income Rs. (-) 20,000. Determine the net income of Sanjay.
6. List any three deemed incomes.
7. State the provisions regarding deductions under section 80GG.
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 amount of deduction u/s 80DD.
9. Shri kumar has taken a loan for higher studies. He paid Rs. 50,000 towards principal and Rs. 10,000 towards Interest. Compute his allowable deduction.
10. What is meant by Best judgement assessment.

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

Answer any **FIVE** questions

11. Mr.Y purchased a piece of land on 4.1.1978 for Rs. 50,000. The land was sold by him during the P.Y 2018-19 for Rs. 70,00,000. The fair market value as on 1.4.2001 was Rs. 1,20,000. Expenses on transfer were 2% on sale price. Compute taxable capital gain for P.Y 2018-19. On 1.5.2015, Y proposed to sell the property and received an advance of Rs. 50,000 and the proposed buyer did not honour his commitment. Hence Mr.Y forfeited the advance money. Compute taxable capital gain. (C.I.I- 2001-02:100; 2018-19:280).

12. Mr. Ganesh transfers the following assets on May 15, 2018.

| Date of purchase | Cost | FMV on 1.4.2001 | Sale Consideration |
|-----------------------|----------------|-----------------|--------------------|
| Land acquired in 1968 | 20,000 | 45,000 | 2,55,000 |
| Goodwill | Self generated | - | 1,75,000 |
| Tenancy rights | Self generated | 30,000 | 2,00,000 |

Compute the taxable capital gains for the AY 2019-20. (CII – 2001-02:100; 2018-19:280)

13. Compute income from other sources.

- Rs. 25,000, 7% Government securities.
- Rs. 15,000, 8% Agra Municipal Bonds
- Rs. 10,000, 7 years Post Office National Savings Certificates.
- Rs. 10,000, 6% securities issued by a Foreign Government.

14. Explain the provisions regarding set off of losses.

15. Mr. X Gives the following information for the previous year. How will you adjust the losses?

| | |
|----------------------------|-----------|
| Income from salary | (+)50,000 |
| Income from House property | (-)7,500 |
| Business loss | (-)15,000 |
| Bank Interest | (+)30,000 |

16. Mr. X's previous year's gross total income is Rs. 4,50,000. He has made the following do-nations. Calculate his net income.

| | Rs. |
|------------------------------------|--------|
| (a) Jawaharlal Nehru Memorial Fund | 12,000 |
| (b) Rajiv Gandhi Foundation | 8,000 |
| (c) Africa Fund | 15,000 |
| (d) Indira Gandhi Memorial Fund | 14,000 |

17. From the particulars of Income of Mr. Raman, Compute the taxable income and tax liability.

| | Rs. |
|-------------------------|--------|
| Taxable income from HP | 67,000 |
| Business Income | 30,000 |
| Short term capital Gain | 5,000 |
| Long term capital loss | 20,000 |
| Contribution to PPF | 20,000 |

18. Explain the following:

- Self Assessment
- Summary Assessment
- Scrutiny Assessment

Section C ($2 \times 15 = 30$) Marks**PART - A - Case Study - Compulsory Question**

19. Shri.Subramanian, a salaried employee provides the following details of his income for A Y 2019-20. Determine his tax liability.

| | Rs. |
|---|----------|
| Basic salary | 90,000 |
| Dearness allowance (forming part of salary) | 7,000 |
| Special allowance | 8,000 |
| Conveyance allowance | 5,000 |
| Interest on debentures of a ltd. Company | 10,000 |
| Interest on co-operative debentures | 6,000 |
| Dividends from a co-operative society | 4,000 |
| Interest on Govt. Securities | 5,000 |
| Income from house property (computed) | 3,00,000 |

PART - B

Answer any **ONE** questions

20. Mr.A sells a property on December 5, 2018 for Rs. 18,00,000, (Cost of acquisition on Feb. 10,2012 Rs. 1,00,000). Expenses on purchase and transfer are Rs. 1,000 and 10,000 respectively. On march 25, 2019, Mr.A acquired bonds issued by the Rural Electrification Corporation Ltd. For Rs. 8,00,000 and also acquired bonds issued by National Highway Authority of India for Rs. 7,00,000 on July 20, 2019. Find out the amount of capital gain chargeable to tax for the assessment year 2019-20. CII for 2011-12 is 184, for 2018-19 is 280.
21. Compute Income from Other Sources of Mugundan for the AY 2019-20.
- Dividend on equity shares
 - Dividend on preference share
 - Income from letting of building and machinery
 - Interest on bank deposit
 - Director's fees
 - Ground rent
 - Undisclosed income
 - Lottery income
 - Advance money received and forfeited during negotiation to sell a capital asset
- He claims the following deductions: Depreciation on building RS. 4,000 and insurance on machinery Rs.100.