



K23P 1443

Reg. No. : .....

Name : .....

**III Semester M.Com. Degree (C.B.S.S. – Reg./Supple./Imp.)**  
**Examination, October 2023**  
**(2020 Admission Onwards)**  
**COM3C13 : INCOME TAX LAW AND PRACTICE**

Time : 3 Hours

Max. Marks : 60

**SECTION – A**

Answer **any four** questions in this Section. **Each** question carries **1** mark for Part (a), **3** marks for Part (b) and **5** marks for Part (c).

1. a) What is Maximum Marginal Rate ?  
b) What is indexing and its relevance in Capital Gain ?  
c) Shri Mahesh, who was born and brought up in India, went for further studies to U.K. on 1<sup>st</sup> March, 2020 and came back to India on 1<sup>st</sup> October, 2020 early in the morning. Find out his residential status for the Assessment Year 2022-23.
2. a) What is National Pension Scheme ?  
b) Explain the tax implication of RPF.  
c) Mr. Shyam a resident of Agra receives Rs. 1,92,000 as basic salary during the year 2021-22. In addition, he gets Rs.19,200 per annum as dearness allowance forming part of pay, 4% commission on sales (Rs. 1,00,000) made by him and Rs. 24,000 per annum as house rent allowance. He pays Rs. 21,500 per annum as rent. Compute the taxable house rent allowance.
3. a) Describe 'Standard Rent'.  
b) Determine the annual value of the house if half of the house is let out for Rs. 7,500 p.m. and half of the house is self occupied. Municipal value of the house is Rs. 1,50,000 on which tax is paid @ 20%.  
c) Determine the annual value of the house if MRV is Rs. 80,000, FRV is Rs. 1,20,000 and Standard Rent is Rs. 1,00,000. The house was self-occupied for four months and let out @ Rs. 10,000 p.m. Municipal tax paid is Rs. 20,000; half of which is paid by the tenant.

P.T.O.



4. a) Explain the tax treatment of 'Patent' under the head 'Business or Profession'.  
b) Discuss the conditions laid down for the allowance of bad debts.  
c) Ascertain the depreciation admissible of the building, in respect of the previous year relevant to the AY 2022-23, if the WDV at the beginning of the year is Rs. 10,00,000 with an addition of Rs. 3,00,000 and Sales during the year is marked as Rs. 2,00,000.

5. a) Explain bond washing transactions.

- b) Ms. Nisha Kartha received in cash the following income as interest on securities during the previous year ending 31<sup>st</sup> March 2022:

- Rs. 8,000 as interest on Government securities.
- Rs. 7,400 as interest on debentures issued by local authority.
- Rs. 7,400 as interest on tax free debentures of Nilkin Ltd. (not listed on any stock exchange)

Determine the interest on securities under the head 'Income from Other Sources' for the AY 2022-23, assuming that the interest is paid in each case on 30<sup>th</sup> June and 31<sup>st</sup> December.

- c) Mr. A purchased a house property in 2001-02 for Rs. 4,50,000 and sold in November 2021 for Rs. 42,00,000. He purchased another residential house in September 2021 for Rs. 16,00,000 and invested Rs. 10,00,000 in bond of NHA of India u/s 54EC in January 2022. The CII in 2001-02 was 100 and for 2021-22 it was 317. Compute the amount of capital gain to be included in the total income for the AY 2022-23.

6. a) Describe 'Clubbing of Income'.

- b) Compute Total Income of Mr. Pradeep for the AY 2022-23 with the following given information. Salary received - Rs. 2,45,000; Rent from a building @ Rs. 10,000 p.m and House tax paid Rs. 24,000.

- c) Compute the Total Income of Mr. Ajith for the AY 2022-23 with the following information. Salary of Mr. Ajith, a disabled is Rs. 4,90,000; He deposited Rs. 20,000 in URPF; He paid life insurance premium of Rs. 45,000 on a policy (issued on 15.6.2014) of Rs. 4,00,000 and he donated Rs. 20,000 to National Children's Fund by cheque.

(4×9=36)



SECTION – B

Answer two questions in this Section. Each question carries 12 marks.

7. a) Explain the determination of Annual Value of Self Occupied House Property.

OR

b) Following is the profit and loss account of Chandran for the year ending 31.3.2022.

Particulars	Amount Rs.	Particulars	Amount Rs.
Salaries	3,30,000	Gross profit	7,50,000
Office expenses	38,000	Bad debts recovered	20,000
Depreciation	28,000	Dividends	12,000
GST	18,000	Rent from House Property	18,000
Legal expenses	16,000		
Income Tax	14,000		
Expense on acquisition of patent	24,000		
Donation in cash	4,000		
Repairs	12,000		
Provision for bad debts	6,000		
General expenses	24,000		
Net profit	2,88,000		
	<b>8,00,000</b>		<b>8,00,000</b>

**Additional information :**

- Salaries include Rs.12,000 paid to workers employed at home.
- Legal expenses include Rs. 2,000 paid to the lawyer in connection with personal case.
- General expenses include Rs. 8,000 as contribution to Staff Welfare Fund.
- Out of bad debts recovered only Rs. 10,000 were allowed as deduction earlier.

Calculate the income of Chandran from the business for the Assessment Year 2022-23.



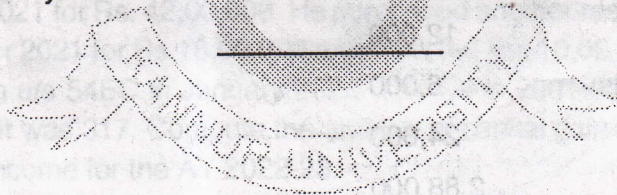
8. a) Explain the provisions relating with inter head and intra head set off of losses.

OR

b) Mr. Hiran is a Government employee working in Ernakulam. He gives the following details. Compute the total income of Mr. Hiran for the AY 2022-23.

- Salary - Rs. 1,00,000 per month
- Leave surrendered - Rs. 74,000
- Entertainment allowance for 8 months - Rs. 8,000
- Life insurance premium deducted from salary - Rs. 4,000 per month
- House rent allowance - Rs. 1,000 per month
- He has been provided a small car for his official purpose. Running expenses of the car paid by the Government amounted to Rs. 5,000 per month, including driver's salary.
- Interest on savings account with a co-operative bank - Rs. 4,000
- Interest on National Plan Certificates - Rs. 2,000
- He has a house, which has been occupied by his brother-in-law free of rent. The annual letting value of the house according to municipal valuation is Rs. 40,000. He paid Municipal tax Rs. 1,000 and Professional tax Rs. 3,000 during the year.

(2×12=24)





K22P 1443

Reg. No. : .....

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**III Semester M.Com. Degree (CBSS – Reg./Sup./Imp.)  
Examination, October 2022  
(2019 Admission Onwards)  
COM3C13 : INCOME TAX LAW AND PRACTICE**

Time : 3 Hours

Max. Marks : 60

**SECTION – A**

Answer **any four** questions in this Section. **Each** question carries **1** mark for Part (a), **3** marks for Part (b) and **5** marks for Part (c).

1. a) Who is an Assessee in Default ?  
b) Differentiate between STCA and LTCA.  
c) Mr. Milton, a foreign cricketer comes to India for 100 days every year since the financial year 2011-12. Find out his residential status for the Assessment Year 2022-23.
2. a) What is transferred balance ?  
b) Explain the tax treatment of gratuity.  
c) Mr. Sharma is getting a pension of Rs. 12,000 per month from a company. During the previous year he got his one-third pension commuted and received Rs. 7,38,000. Compute the taxable amount of commuted pension, if he did not receive gratuity.
3. a) What is annual value of house property ?  
b) Radha took a loan of Rs. 16 lakh @ 10% p.a. on 1-7-2019 for constructing a house. The construction of the house was completed in the previous year 2021-22. Compute the amount of interest deductible in computing the income from house property for the A.Y. 2022-23 if the house is let out.  
c) Calculate Annual Rental Value if MRV – Rs. 1,00,000; FRV – Rs. 1,20,000; Actual rent is Rs. 16,000 p.m. and SRV – Rs. 1,40,000. Date of completion and letting out is 01-07-2021.

P.T.O.



4. a) What is unabsorbed depreciation ?  
b) Write note on amortization of preliminary expenses.  
c) Compute the amount deductible in computing profits and gains of business for the Assessment Year 2022-23 (i) if purchased patent for Rs. 4,00,000 in May 2021 and (ii) purchased trademark for Rs. 3,00,000 in November 2021.
5. a) Explain Tax-free commercial securities.  
b) Mr. Ram took a house at Rs. 1,000 monthly rent and spent Rs. 2,000 (annual) for repair and maintenance of the house. He let out half portion of the house to his friend at Rs. 800 per month. He is owner of a house which is let out for Rs. 600 per month and repair expenses were Rs. 800. Compute his income from other sources for the Assessment Year 2022-23.  
c) Shri Sharma sells his only residential house in Mangalore on 24<sup>th</sup> August, 2021 for Rs. 55,00,000 and incurs an expenditure of Rs. 50,000 in connection with transfer. Cost of acquisition of the house for him in 1998 was Rs. 2,80,000 and as on 1<sup>st</sup> April, 2001 the fair market value was Rs. 8,00,000. On 16<sup>th</sup> January 2022 he deposited Rs. 12,00,000 in the Capital Gain Account Scheme. Compute the taxable capital gains for the A.Y. 2022-23. The CII for 2001-02 was 100 and 2021-22 is 317.
6. a) How can we set off the loss of specified business as per Sec. 35 AD ?  
b) Compute the total income of Mr. Shifas for the Assessment Year – 2022-23 with the following information : Income from House Property (loss) – Rs. 15,000, STCG – 2,10,000; LTCG (loss) – Rs. 75,000 and other sources – Rs. 10,000.  
c) Compute the total income of Ms. Zerah for the Assessment Year 2022-23.  
Gross Total Income is Rs. 10,00,000  
She deposited in RPF – Rs. 1,00,000  
She paid donation to political party Rs. 10,000 by cheque and Prime Minister's National Relief Fund Rs. 15,000 by cheque.  
She paid medical insurance premia on the health of her spouse Rs. 27,000 by cheque.

(4×9=36)



SECTION – B

Answer the **two** questions in this Section. **Each** question carries **12** marks.

7. a) Explain the various deductions available while computing income from house property.

OR

- b) Mr. Arun is an employee in a limited company at Ernakulam. From the following particulars, calculate his income from salary for the year 2021-22.

Salary Rs. 55,000 per month

House rent allowance Rs. 2,400 per month

Dearness allowance Rs. 5,000 per month

Entertainment allowance Rs. 1,200 per month

Festival allowance Rs. 2,000

Hostel allowance Rs. 500 per month was given for his daughter studying in a college

He and his employer contributed to RPF @ 14%

Once small car is given to him by the employer both for private and official use.

Expenses met by the company.

He lives in a rented house, the monthly rent being Rs. 10,000.

Assume that he had paid employment tax Rs. 1,200 during the year and that he had spent Rs. 600 per month for entertaining the customers of the company.

8. a) Explain the situations where clubbing of income is applied.

OR

- b) Dr. Raghav is a doctor in Bhopal. He prepared the following Receipts and Payments Account for the financial year 2021-22.

**Receipts and Payments Account for the year ended 31-3-2022**

Receipts	Amount	Payments	Amount
Balance cash in hand	1,22,000	Cost of medicines	8,000
Bank loan (private purpose)	3,000	Surgical equipment	10,000



K21P 1029

Reg. No. : .....

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**III Semester M.Com Degree (C B S S - Reg./Suppl./Imp.)  
Examination, October 2021  
(2018 Admission Onwards)  
COM3C13 – INCOME TAX LAW AND PRACTICE**

Time : 3 Hours

Max. Marks : 60

**SECTION – A**

Answer **any four** questions in this Section. **Each** question carries **1** mark for Part (a), **3** marks for Part (b) and **5** marks for Part (c) :

1. a) What is assessment year ?  
b) How would you determine the residential status of a company ?  
c) Mr. Raghu, who was born and brought up in India, went for further studies to U.K on 1<sup>st</sup> March, 2018 and came back to India on 1<sup>st</sup> October, 2019 early in the morning. Determine his residential status for the A.Y 2020-2021 by stating the rules thereunder.
2. a) What is transferred balance ?  
b) Explain the provision on the treatment of encashment of earned leave.  
c) Mr. John is employed in a company in Hyderabad on a basic salary of Rs. 20,000 p.m. He is getting D.A of Rs. 1,000 p.m. The company paid the annual premium of Rs. 10,000 on the life insurance policy of Mr. John. His two children are getting free education in a school owned by the company. The cost of education per child is Rs. 800 p.m. He was also provided with a free unfurnished house with a fair value of Rs. 30,000. The company has allotted him 1000 shares of the company @ Rs. 100 per share, the FMV of shares being Rs. 150 per share.

Compute the taxable salary of Mr. John for the A.Y. 2020-2021.

P.T.O.





3. a) What is Gross Annual Value ?
- b) What is pre-construction period ? Explain the provision regarding the admissibility of interest for pre-construction period.
- c) Mr. Abu owns a big house having a municipal value of Rs. 80,000 while the standard rent is Rs. 90,000. The house is used as follows :
- 25% portion for self-residence
  - 25% portion for his business purpose
  - 25% portion let out for residential purpose @ Rs. 2,000 p.m
  - 25% portion let out for a commercial purpose @ Rs. 2,000 p.m
- Municipal tax paid is Rs. 9,000. Interest taken on loan for the purchase of the house is Rs. 24,000. Compute the income from house property of Mr. Abu for the A.Y. 2020-2021.

4. a) What is block of assets ?
- b) Explain the provision regarding deductions to be allowed in respect of expenditure on family planning.
- c) Mr. A furnished the following particulars for the A. Y. 2020-2021 :

	Rs.
Loss from business	2,00,000
Loss from specified business	70,000
Depreciation allowance for the current year	40,000
Income from house property (computed)	4,00,000
Items carried forward from the earlier years :	
Business loss for the A. Y. 2016- 17	2,40,000
Unabsorbed depreciation for the A. Y. 2017-18	1,00,000

Compute the gross total income of Mr. A for the A. Y. 2020-2021.

5. a) What are casual incomes ?
- b) How would you compute agricultural income out of the composite income of the following business :
- Sugar factory which uses sugarcane cultivated in its own farm.
  - Growing and manufacturing of centrifuged latex.
  - Growing and manufacturing of tea.



- c) Mr. Gupta built a house in 2001-02 at a cost of Rs. 2,00,000 for self-residence. On 1<sup>st</sup> August, 2019 he sold his house for Rs.15,00,000 and purchased a new flat on 1<sup>st</sup> January, 2020 for Rs. 5,00,000. Stamp fee paid Rs. 50,000 for registration. He paid 2% brokerage on sale and purchase of the property. Compute his capital gains.
6. a) What do you mean by clubbing of income ?  
b) Explain the provisions regarding set off of losses.  
c) From the following information, compute income from other sources of Mr. Akalank for the A. Y. 2020-2021 :  
a) Gift of Rs. 50,000 from his friend.  
b) Gift of jewellery worth Rs. 2,00,000 from his fiancée.  
c) Gift of Rs. 21,000 each from his two friends on his marriage.  
d) Gift of Rs. 68,000 from his father's brother.  
e) Rs. 8,000 as interest on government securities.  
f) Rs. 8,100 as interest on tax free debentures of GE Ltd. (not listed)  
g) Winning from lottery Rs. 70,000 (net).  
h) Interest on Post Office Savings Bank A/c Rs. 4,000.  
i) Family pension Rs. 60,000. (4×9=36)

SECTION – B

Answer **any two** questions in this Section. **Each** question carries **12** marks :

7. Explain the deductions available to an individual under section 80 of the Income Tax Act, 1961.

OR

Compute the tax liability of Mr. R for the A.Y. 2020-2021 under each of the following cases :

- i) Total Income Rs. 2,20,000 and Agricultural Income Rs. 20,000  
ii) Total Income Rs. 2,80,000 and Agricultural Income Rs. 4,000  
iii) Total Income Rs. 12,00,000 and Agricultural Income Rs. 40,000



8. Explain the capital gains which are exempt from tax.

OR

The following particulars have been submitted by Mr. Ram Lal in the capacity of Karta of an H.U.F. Compute the total income of the H.U.F. for the Assessment Year 2020-21

- i) Profit from family business Rs. 30,000 after charging an amount of Rs. 6,000 given as salary to Karta's brother who has helped in the family business.
  - ii) Income from separate business Rs. 36,000 carried on by a brother of Karta in his individual capacity. Funds were provided to him by H.U.F. Interest received by H.U.F. on the above funds advances Rs. 5,000.
  - iii) Director's fee received by Karta Rs.5,000
  - iv) Interest received on loan Rs. 400
  - v) Long term capital gain Rs. 20,800
  - vi) Donation to a charitable institution Rs. 8,000 by cheque which is approved u/s 80 G .
  - vii) Rent of a property let out is Rs. 15,000 p.a., municipal taxes paid in respect of the house Rs. 1,500 and interest on loan taken to repair the house is Rs. 1,800.
  - viii) Dividend from Indian company Rs. 10,000 (Gross)
  - ix) Interest received on tax-free debentures of an Indian company Rs. 9,000
  - x) Municipal value of the self-occupied house of the family Rs. 45,000. Interest on loan taken to repair the house is Rs. 7,500. (2×12=24)
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K20P 1140

Reg. No. : .....

Name : .....

**III Semester M.Com. Degree (CBSS – Reg./Suppl./Imp.)**  
**Examination, October 2020**  
**(2014 Admission Onwards)**  
**COM3C13 – INCOME TAX LAW AND PRACTICE**

Time : 3 Hours

Max. Marks : 60

SECTION – A

Answer **any four** questions in this Section. **Each** question carries **1** mark for Part (a), **3** marks for Part (b) and **5** marks for Part (c).

1. a) Who is a deemed assessee ?  
b) How would you determine the residential status of an H.U.F. ?  
c) Mr. P is a not- ordinarily resident in India for the P.Y 2019-2020. He had the following incomes during the previous year.

	Rs.
i) Salary earned and received in Singapore	6,00,000
ii) Profit on sale of a property in Thailand	2,00,000
iii) Income from a house property in India	1,70,000
iv) Income from a business in Mumbai	3,00,000
v) Income from a business in Hong Kong (controlled from India)	2,70,000
vi) Dividend from a Japanese company	1,00,000
vii) Profit from a business in Chennai (controlled from Hong Kong)	8,00,000
viii) Share of profit from an H.U.F.	2,00,000

Compute the Total Income of Mr. P for the A.Y. 2020-21.

2. a) Give any two examples for fully exempted allowances.  
b) Explain the provision on the taxability of gratuity under Section 10 (10) of the Income Tax Act, 1961.  
c) Mr. B furnishes the following information on his income for the year 2019-2020.  
i) Basic salary Rs. 1,00,000  
ii) Employer's contribution to Recognised Provident Fund Rs. 10,000  
iii) Interest on P.F. Balance at 9.5% p.a. Rs. 9,500  
iv) Travelling allowance Rs. 2,400  
v) City Compensatory Allowance Rs. 10,000  
vi) Bonus Rs. 15,000  
vii) Entertainment allowance Rs. 5,000

P.T.O.



- viii) Unfurnished house at Patna for which the employer pays a rent of Rs. 2,500 p.m. but recovers only Rs. 200 p.m. from his salary.  
 ix) Free gas and electricity provided by employer at a cost of Rs. 500 p.m.  
 x) The employer has provided a small car for official and private purposes. The expenses of private purposes are met by Mr. B himself.  
 Compute the Taxable Salary of Mr. B for the A.Y. 2020-2021.

3. a) What is the Annual Value of a self-occupied house ?  
 b) Explain the deductions available from the annual value of a let out house property.  
 c) Mr. H owns a house property at Salem which is let out for residential purposes. The particulars of the property are as follows :

	Rs.
i) Annual rent	60,000
ii) Municipal value	48,000
iii) Municipal tax paid by the tenant	4,000
iv) Repairs incurred by the tenant	3,000
v) Expenses paid by Mr. H :	
Fire insurance premium	2,000
Water charges	5,400
Lift maintenance	2,400
Collection charges	1,000

- vi) On 1.08.2019 he recovered unrealized rent of Rs. 4,500 which was earlier allowed as a deduction

Compute the Income from House Property of Mr. H for the A.Y. 2020-2021.

4. a) What is unabsorbed depreciation ?  
 b) Explain the provision regarding deductions to be allowed in respect of expenditure on scientific research.  
 c) Mr. K is an advocate in Mumbai. He has prepared the following Income and Expenditure Account for the year ending 31<sup>st</sup> March, 2020.

	Rs.		Rs.
To Office expenses	1,30,000	By Fees from clients	3,25,000
To Charity	20,000	By Special fees for being	
To Donation	1,00,000	Notary Public	2,60,000
To Household expenses	60,000	By Gifts from clients	20,000
To Telephone expenses	10,000	By Interest from bank	1,30,000
To Income tax	42,000	By Salary as lecturer	60,000
To Rent	4,000	By House rent	15,000
To Electricity charges	6,000		
To Salary to staff	26,000		
To Purchase of motor car	3,00,000		
To Life Insurance Premium	4,000		
To Excess of Income over			
Expenditure	1,08,000		
	<b>8,10,000</b>		<b>8,10,000</b>



**Other information :**

- i) Mr. K lives in one-half of the house and the other half is used as his office. Rent and electricity are in respect of this house.
  - ii) Half of the car expenses are for personal use.
  - iii) Depreciate motor car by 15%  
Compute the Income from Profession of Mr. K.
5. a) What are deemed incomes ?
- b) Mr. D gives the following information :
- |   |               |
|---|---------------|
| Building purchased in 2005-06                                       | Rs. 2,50,000  |
| Sold in December 2019   | Rs. 30,62,500 |
| Purchased bonds of NHAI in April, 2020,<br>Redeemable after 5 years | Rs. 24,00,000 |
- C.I.I. for 2005-06 is 117 and for 2019-20 is 289. Compute the Taxable Capital Gain.
- c) Explain any five differences between short term capital gain and long term capital gain.
6. a) What is Section 80 U ?
- b) Explain the provisions regarding clubbing of income of a minor child.
- c) Mrs. Q furnishes the following particulars of her income during the P.Y. 2019-2020.

	<b>Rs.</b>
i) Royalty from mining	36,000
ii) Income from units of mutual fund	16,000
iii) Winnings from lottery (net)	2,80,000
iv) Family pension p.m.	6,000
v) Dividend from Tata Tea Ltd.	-16,000
vi) Rent from sub-letting (rent paid Rs. 500 p.m.)	9,600
vii) Income from agriculture in Punjab	60,000
viii) Interest on Bank Deposits (net)	36,000

Compute her Income from Other Sources for the A.Y 2020-2021. **(4×9=36)**

**SECTION – B**

Answer **any two** questions in this Section. **Each** question carries **12** marks.

7. Enumerate any 12 fully exempted incomes.

OR

Compute the tax liability of Mr. Gupta of 86 years for the A.Y 2020-2021.

	<b>Rs.</b>
i) Agricultural income in India	5,00,000
ii) Rent received from house property	1,20,000



iii) Profit from an industrial undertaking before deducting the following :		6,00,000
Depreciation as per Income Tax Act	20,000	
Business loss brought forward	50,000	
iv) Profit from jewellery business		4,70,000
v) Capital gains :		
Short term u/s 111A	10,000	
Long term	<u>90,000</u>	1,00,000
vi) Loss from speculative business		50,000
vii) Interest on Govt. securities		30,000
viii) Interest from post office		25,000
ix) Winnings from horse race		50,000
x) Payment towards pension fund of LIC		12,000
xi) Payment by cheque to mediclaim insurance premium of his wife aged 81 years		35,000
xii) Deposit in PPF account of his wife		1,00,000

8. Explain the provisions regarding set off and carry forward of losses.

OR

The following details have been supplied by Sri Nawal, the Karta of an H.U.F. You are required to compute the Total Income of the family and its tax liability for the A.Y. 2020-2021.

	Rs.
Profit from the business of purchase and sale of shares	8,60,000
Security Transaction Tax paid on above	2,40,000
Short term capital gains	7,500
Long term capital gains	9,000
Long term capital loss	7,700
Rent received from house property	21,000
Local tax paid on the above house property	3,000
Interest received on Govt. securities	9,000
Interest on loan taken to purchase the above securities	6,000
Interest on Savings Bank Account	20,000
Donation to Jawaharlal Nehru Memorial Trust by cheque	6,000
Premium paid on life insurance policy of Karta	3,060

(2×12=24)



0139354

K19P 1140

Reg. No. : .....

Name : .....

III Semester M.Com Degree (CBSS-Reg./Suppl./Imp.)

Examination, October - 2019

(2014 Admission onwards)

COM3C13 : INCOME TAX LAW AND PRACTICE

Time : 3 Hours

Max. Marks : 60

**SECTION - A**

Answer any **Four** questions in this section. Each question carries 1 mark for part (a), 3 marks for part (b), and 5 marks for part (c). (4×9=36)

1. a) What is "Profit in Lieu of Salary"?
  - b) Explain the difference between exemption and deduction with at least 2 examples.
  - c) Mr. E is a Finance Manager in ABC Ltd. The company has provided him with rent-free unfurnished accommodation in Mumbai. He gives you the following particulars: Basic salary Rs. 6,000 p.m.  
Dearness Allowance Rs. 2,000 p.m. (30% is for retirement benefits)  
Bonus Rs. 1,500 p.m. Even though the company allotted the house to him on 1.4.2017, he occupied the same only from 1.11.2017. Calculate the taxable value of the perquisite for A.Y.2018-19.
- 
2. a) Can net annual value of House Property be negative?
  - b) State income connected with land but **not** Agricultural Income.
  - c) What are the exemptions to the rule that the income of the previous year shall be assessed in the subsequent assessment year?

P.T.O.





3. a) Write a short note on "Self-assessment".  
b) Explain the procedure for the calculation of Total Income.  
c) If Mr. 'A' had income against the following heads,

Taxable salary income	40,000
Income from house property,	75,000
Income from other sources	20,000
Interest on securities of DCM Ltd. (Gross)	8,000
Total	1,43,000

He made following payments:

Contribution to P.F. (recognised)	2,000
Donation to the Prime Minister's National Relief Fund	2,500
Donation to the Indira Gandhi Memorial Trust	4,000
Donation to an approved association for promoting family planning	4,000
Donation to approved charitable trust	10,000

Compute Mr. A's taxable income for assessment year 2016-17.

4. a) What is a "Bond Washing Transaction"?  
b) Distinguish between capital expenditure and revenue expenditure under Income Tax.  
c) Mr. Ram who is a person with disability submits the following information, compute



(3)

K19P 1140

(a) the Taxable Income (b) the Tax Payable for the assessment year 2018-2019.

i. Salary (per annum)	3,00,000
ii. Rent received	48,000
iii. Dividend from Co-operative Society	1,000
iv. Interest on Savings Bank Deposits.	18,000
v. Interest on Government securities	1,000
vi. Winning from Lotteries (gross)	5,000
vii. NSC (VIII Issue) purchased during the year	10,000
viii. Deposit under PPF Scheme	30,000

He earned a long-term capital gain of 15,000 on sale of gold during the year

5. a) Define the term "Allowance".
- b) Mr. Ram is employed at Bombay. His basic Salary is 5,000 per month. He receives 5,000 p.a. as house rent allowance. Rent paid by him is 12,000 p.a. Find out the amount of taxable house rent allowance.
- c) Mr. Hari retires on 15<sup>th</sup> October 2017, after serving 30 years and 7 months. He gets Rs. 3,80,000 as gratuity. His salary details are given below:

FY 2017-18	Salary Rs. 16,000 p.m.	D.A. 50% of salary. 40% forms part of retirement benefits.
FY 2016-17	Salary Rs. 15,000 p.m.	D.A. 50% of salary. 40% forms part of retirement benefits.

Determine the taxable gratuity if Mr. Hari retires from private sector, not covered by payment of Gratuity Act, 1972.

P.T.O.



6. a) State the limit upto which deduction are available under the following heads:
- 80C Investments and Savings made
  - 80D Health Insurance
- b) State the provisions of the Income Tax Act regarding taxation of gratuity.
- c) The following incomes are received by Dr. Shyam during financial year 2017-18
- |  |        |
|--|--------|
| i. Director's fees                                   | 5,000  |
| ii. Income from agricultural land in Pakistan        | 15,000 |
| iii. Rent from Let Out of land in Pathankot          | 20,000 |
| iv. Interest on deposit with HDFC Bank               | 1,000  |
| v. Dividend from Indian company                      | 5,000  |
| vi. Rent from subletting a house                     | 28,000 |
| vii. Other expenses on sublet house                  | 1,000  |
| viii. Rent payable by Dr. Shyam for the sublet house | 12,000 |
| ix. Winning from horse race (gross).                 | 15,000 |
| x. Interest on securities (gross)                    | 2,500  |

You are required to calculate income from other sources of Dr. Shyam for the assessment year 2018-19.

### SECTION - B

Answer the **Two** questions in this section. Each question carries **12** marks. **(2×12=24)**

1. a) Mr. A, the General Manager of XYZ Ltd., retired on 31.12.2017 after 30 years of service. The particulars of his income are as follows:



- i. Salary 10,000 per month from January 1, 2017. House rent allowance 4,000 per month from January 1, 2016.
- ii. Medical expenses reimbursed by employer: 7,200 for the period from April 1, 2017 to December 31, 2017.
- iii. Mr. A and his family also availed LTC - they visited Mumbai and the expenses of 5,600 being the cost of air conditioned second class rail tickets was reimbursed by the employer.
- iv. The employer provides him a car for personal purposes and expenses are incurred by the employer amounting to 9,900.
- v. Mr. A contributes 22% (12% regular and 10% additional voluntary contribution) to recognised provident fund and the company matches his regular contribution of 12%.
- vi. Mr. A has invested 20,000 in ULIP Scheme of UTI and 10,000 in public provident fund. He paid 8,000 towards life insurance premium on policy for a sum assured of 60,000.
- vii. He lives in his own house. The annual municipal value of the house is 15,000.
- viii. Payment of club bills to the extent of 2,700 for the year being monthly subscription @ 300 per month was reimbursed by the employer.
- ix. Mr. A received 1,50,000 as gratuity. He is not covered by the Payment of Gratuity Act.
- x. He received 1,60,000 for encashment of leave, being 16 months leave not availed of.

Compute A's income for the assessment year 2018-19.

OR

- b) What are the provisions of the Income Tax Act relating to set off and carry forward of losses?

P.T.O.



2. a) Arjun Singh is the owner of a business. Following is his P & L A/c for year ended on 31-3-18:

Particulars	Rs.	Particulars	Rs.
Establishment charges	51,110	Gross profit	5,08,700
Rent, rates and taxes	29,000	Interest on Govt. Securities (Gross)	53,500
Sundry expenses	70,500	Rent from property	54,000
House hold expenses	18,800		
Provision for bad debts	12,000		
Loss on sale of motor car (used for private purpose)	18,000		
Insurance premium (including life insurance of Rs.1790 of Arjun Singh)	28,800		
Interest on bank loan	13,800		
Provision for Depreciation	64,000		
Net profit	3,10,200		
<b>Total</b>	<b><u>6,16,200</u></b>	<b>Total</b>	<b><u>6,16,200</u></b>

Additional information:

- i. Bad debts written off during the year Rs.6,500
- ii. Admissible depreciation as per Income tax rules Rs. 16,000



(7)

K19P 1140

- iii. The assessee is running his business in a rented property. half of which is used by him for his own residence. Rent of Rs. 24,000 in respect of entire house is included in rent, rate and taxes. The balance of Rs. 5,000 is on municipal tax paid for property given on rent.

Compute the Gross total Income of Sri Arjun Singh for the assessment year 2018-19.

**OR**

- b) Explain the provision of section 80G of income tax act, in respect of donations.
-



K18P 0915

Reg. No. : .....

Name : .....

Third Semester M.Com. Degree (Reg./Suppl./Imp.) Examination, October 2018  
(2014 Admn. Onwards)  
COM3C13 : INCOME TAX LAW AND PRACTICE

Time : 3 Hours

Max. Marks : 60

SECTION – A

Answer **any four** questions in this Section. **Each** question carries **1** mark for Part (a), **3** marks for Part (b) and **5** marks for Part (c).

1. a) What is meant by the term "Previous Year" ?  
b) Distinguish between capital loss and revenue loss.  
c) Mr. Joseph, a foreigner, came to India from Poland for the first time on 1<sup>st</sup> April 2009. He stayed here continuously for 3 years and went to France on 1<sup>st</sup> April 2012. He however, returned to India on 1<sup>st</sup> July 2012 and went to Poland on 1<sup>st</sup> December 2013. He again came back to India on 25<sup>th</sup> January 2016 on a service in India. What is his residential status for the Assessment year 2016 – 17 ?
2. a) What is "income deemed to be received in India" ?  
b) Define perquisites. State any four perquisites taxable for specified employees only.  
c) Mr. Rajesh resides in Kanpur. He gets a basic salary of ₹ 2,00,000 and Dearness pay ₹ 2,00,000 and house rent allowance of ₹ 1,50,000 p.a. He pays a rent of ₹ 1,80,000 p.a. Determine the amount of house rent allowance chargeable to tax.
3. a) State the exempted incomes from House property.  
b) Explain how annual value is determined under different circumstances.  
c) Mr. Jaydev owns a house property. Its annual letting value is ₹ 80,000. During the previous year it was let out to a tenant on a monthly rent of ₹ 7,000. He claimed the following expenses.
  - i) Municipal taxes paid ₹ 8,000.
  - ii) Expenses for the recovery of rent ₹ 600.

P.T.O.



iii) Maintenance allowance paid to the stepmother ₹ 12,000 annually which was a charge on the property according to his father's Will.

The house remained vacant for one month during the previous year. Find out the income from house property for the assessment year 2016 – 17.

4. a) State any four expenses which are expressly disallowed while computing income from business U/S 40.
- b) What are deemed profits under Section 41 ?
- c) From the following information of Mr. Jayan, compute the capital gains for the assessment year 2016 – 17.
- Cost of acquisition of residential house in 1983 – 84 ₹ 3,48,000.
  - Sale consideration on 1-7-2015 ₹ 39,00,000.
  - Cost of acquisition of new house prior to the date of filing of the IT return ₹ 8,00,000.

The cost of inflation index in 1983 – 84 and in 2015 – 16 was 116 and 1,081 respectively.

5. a) What is meant by "Less tax securities" ?
- b) Explain the term "Bond washing transactions".
- c) Mr. Anand has the following investments for the P.Y. ended 31-3-2016.
- 10% ₹ 30,000 tax free Govt. securities.
  - 10% ₹ 40,000 Karnataka Govt. loan.
  - 10% ₹ 36,000 tax free debentures (listed) of a company.
  - 10% ₹ 20,000 debentures (listed) of a company.
  - ₹ 7,200 received as interest on debentures of a company.

He paid commission to his bank ₹ 500 for collecting the above amounts. Find out his taxable income from interest on securities for the A.Y. 2016 – 17.

6. a) Mention any two capital gains exempted from tax.
- b) Briefly explain the provisions regarding carry forward of losses.
- c) Mr. Jagadish's gross total income for the P.Y. ending on 31 March 2016 is ₹ 40,15,000. He donated the following amounts by cheques.
- Prime Minister's National Relief Fund ₹ 1 lakh.
  - National Children Fund ₹ 2 lakhs.





- iii) ₹ 2 lakhs for repairs of a temple of public worship so notified.
- iv) ₹ 1 lakh to a local college for construction of classrooms.
- v) ₹ 20,000 given as aid to a poor student.
- vi) ₹ 1 lakh to Municipality.
- vii) ₹ 50,000 to U.P. Govt. for family planning.

He deposited ₹ 15,000 in P.P.F. Determine the qualifying amount for deduction U/S 80 G.

(4×9=36)

SECTION – B

Answer **any two** questions in this Section. **Each** question carries **12** marks.

7. a) What is meant by casual income ? Give ten examples of incomes which are totally exempt from income tax.

OR

- b) Dr. Lal retired from Government Service in 2014 and took up a job with a company there after in Delhi. The following are the particulars of his income for the financial year ended 31<sup>st</sup> March 2016.

	₹
Pension from Government	3,00,000
Salary from Company	3,60,000

Unfurnished rent free bungalow is provided by the company. It was formerly let out at ₹ 6,000 p.m. Half share in a firm ₹ 15,000. Dividends ₹ 8,950 net.

Interest on Government Securities ₹ 2,000.

He had taken a loan of ₹ 25,000 out of which ₹ 12,500 was invested in shares and the balance in Government Securities. Interest is payable on this loan at 12% p.a.

He had purchased a shop in 1980 for a sum of ₹ 50,000. Its market value on 1<sup>st</sup> April 1981 was ₹ 60,000. It was sold off for ₹ 7,50,400 on 1-11-2015. The cost of inflation indices are 1981-82 – 100; 2015-16 – 1081.

Compute his total income for the A.Y. 2016 – 17.



8. a) What is meant by clubbing of income ? In what circumstances is the income of one person treated as income of another ?

OR

- b) Mr. Menon is Karta of a HUF. He furnished the following information about his family income for the year ending 31<sup>st</sup> March 2016.

- i) Gross annual value of let out property ₹ 16,000, Municipal taxes paid on the property ₹ 1,600.
- ii) After deducting ₹ 8,720 as income tax, business income was ₹ 2,18,000 and profit from a partnership firm ₹ 10,000.
- iii) Computed long term capital gain from transfer of property ₹ 26,000 and computed long term capital gain from transfer of investment ₹ 19,000.
- iv) Dividend from Indian Company ₹ 11,500.
- v) Salary received from a member who is serving at some other place ₹ 20,000.

A member of the family is handicapped and the family spent ₹ 18,000 for his treatment. Donation by cheque to a recognised medical institution ₹ 20,000 is given by family. Karta has also received ₹ 10,000 as Director's fees from his personal efforts.

You are required to calculate total income of the family.

(2×12=24)



K17P 1384

Reg. No. : .....

Name : .....

**Third Semester M.Com. Degree (Reg./Supple./Imp.)  
Examination, November 2017  
(2014 Admn. Onwards)  
COM3C13 : INCOME TAX LAW AND PRACTICE**

Time : 3 Hours

Max. Marks : 60

**SECTION – A**

Answer **any four** questions in this Section. **Each** question carries **1** mark for part (a) **3** marks for part (b) and **5** marks for part (c).

1. a) Define person under Income Tax Act.  
b) Give a note on tax evasion, tax avoidance and tax planning.  
c) Mr. Peter a foreigner came to India from England for the first time on April 2005. He stayed here for 3 years and went to France on 1<sup>st</sup> April 2008. He however returns to India on 1<sup>st</sup> July 2008 and went to Iran on 1<sup>st</sup> December 2009. He again came back to India on 25<sup>th</sup> January 2012 on a service in India. What is his residential status for the A. Y. 2012-13.
2. a) What do you mean by Transferred Balance ?  
b) Briefly describe about allowances under Income Tax Act.  
c) Mr. X retires on 10<sup>th</sup> April 2011 after serving for 30 years and 7 months. He was getting salary Rs. 15,000 p.m. from 1-1-2010 to 31-12-2010 and thereafter Rs. 15,000 p.m. He receives D.A. @ Rs. 3,000 p.m. (forming part of salary for computation of retirement benefits) and 2% commission on sales achieved by him during 10 months (preceding the months in which he retired) Rs. 24,00,000. He receives a gratuity of Rs. 4,68,000. Compute the exempted amount of gratuity. He is not covered by the Payment of Gratuity Act.

P.T.O.



3. a) What is a short term capital asset ?  
 b) What is transfer of capital asset ? What transactions are not regarded as transfer ?  
 c) Mr. X sells agricultural land for Rs. 10,31,000 (brokerage 2%) on March 2015 (cost of acquisition on March 1<sup>st</sup> 1987 was Rs. 70,000). On April 6, 2015 he purchased agricultural land for Rs. 1,50,000. Find out the capital gain chargeable to tax (CI index for 2014-15 is 1024 and for 1986-87 it was 140).
4. a) What do you mean by deemed income ?  
 b) Give atleast 10 examples of income from other sources.  
 c) Mr. A invested Rs. 1,00,000 in 9% tax free debentures of a company. What will be his taxable interest for the previous year ending on 31-03-2015 if the rate of deduction of tax at source is @ 10% interest accrues on 1<sup>st</sup> January every year.
5. a) What is total income ?  
 b) Describe the tax law relating to agricultural income.  
 c) From the following calculate Gross Total Income.  
 Income from house property 2,20,000, Business loss 40,000, Current year depreciation 8,000, Business loss for the previous year's 35,000, Short term capital loss 30,000, Long term capital gain 40,000.
6. a) What do you mean by clubbing of income ?  
 b) What is aggregation of income ? Explain.  
 c) What are the provision regarding set-off of losses ? (4×9=36)

### SECTION – B

Answer the **two** questions in this Section. **Each** question carries **12** marks.

7. Discuss the deduction to be made in computing total Income of an individual.

OR

From the following Profit and Loss Account calculate Income from Business and Profession.

Expenditure	Amount	Income	Amount
Salary to employees	95,000	Gross Profit	3,80,000
Advertisement expenses (paid in cash)	24,000	Interest on Securities	14,000
		Income from House Property	25,000



General expenses	16,000	Bad debt recovered	12,000
Entertainment expenses	22,000		
Bad debt	1,500		
Drawings by the proprietor	24,000		
Sales tax (due and paid on 1-7-2014)	6,000		
Interest on proprietors Capital	7,000		
Repairs	2,500		
Rent	21,000		
Legal expenses	5,000		
Depreciation	15,000		
Bonus (due)	6,000		
Bonus to the Proprietor	4,000		
Car purchased	72,000		
Expense on car during the year	12,000		
Donation	2,000		
Provision for bad debt	6,000		
Net Profit	90,000		
<b>Total</b>	<b>4,31,000</b>	<b>Total</b>	<b>4,31,000</b>

- 1) Advertisement expenses were spent on insertion in newspapers.
- 2) Rs. 3,000 were spent on purchase of land and building are included in legal expenses.
- 3) Half of the repair expenses were on let out building.
- 4) Depreciation allowable on all assets including car is 14,400.
- 5) Bonus was paid to employees on 30-06-2015 and the date of filing of return is 31-07-2015.



8. a) Explain any 10 exempted income under Income Tax Act.

OR

b) A house was completed on April 1, 2014 and following information is available about this house. Municipal Value of the house Rs. 30,000 p.a. Fair rental value of the house Rs. 32,000 p.a. Actual rent Rs. 4,000 p.a. Municipal Taxes Rs. 6,000 p.a. The house was let out for a period 1-4-2014 to 31-12-2014 and self occupied from 1-1-2015 onwards. Fire insurance premium Rs. 3,600. Land revenue Rs. 6,000. Interest on loan for the period

a) 1-4-2011 to 31-3-2014 Rs. 45,000

b) 1-4-2014 to 31-3-2015 Rs. 15,000.

Calculate the Income from House Property for the P.Y. ending on 31-03-2015.

(2×12=24)

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K16P 1057

Reg. No. : .....

Name : .....

Third Semester M.A./M.Sc./M.Com. Degree (Reg./Supple./Imp.)  
Examination, November 2016  
COMMERCE  
COM 3C13 : Income Tax Law and Practice  
(2014 Admission Onwards)

Time : 3 Hours

Max. Marks : 60

SECTION – A

Answer **any 4** questions. **Each** carries **1** mark for part (a), **3** marks for part (b), and **5** marks for part (c).

1. a) Who is a non-resident ?  
b) What are the allowances which are fully exempted ?  
c) Mr. A a bank manager, gets ₹ 18,000 p.m. as salary and D.A. at 10% of the salary. He is getting entertainment allowance of ₹ 8,000 p.a. During the previous year ended 31-3-2014, he received a bonus of 3 months salary. He is also provided with a rent free house (unfurnished) in a town (whose population is less than 4 lakhs) whose fair rent is ₹ 5,000 p.m. Find out his income under the head salaries for the A.Y. 2013-14.
2. a) What is unabsorbed depreciation ?  
b) What is the order of set off if there is brought forward business loss and unabsorbed depreciation ?  
c) From the following information of Mrs. Maya compute the gross total income for the A.Y. 2014-15.

1) Income from house property	1,50,000
2) Business loss	60,000
3) Current year's depreciation	10,000
4) Business loss of preceding year	50,000
5) Unabsorbed depreciation of preceding year	30,000
6) Short term Capital loss	40,000
7) Long term Capital loss	50,000
3. a) What do you mean by Capital asset for tax purpose ?  
b) What are the assets not considered for computing tax under the head 'Capital Gain' ?

P.T.O.



- c) Mr. Bindhu purchased 1000 equity shares of 'X' Ltd. at the rate of ₹ 45 per share on 1.04.2012, paying brokerage ₹ 1,000. She sold the shares on 30.03.2013 at the rate of ₹ 60 per share and paid brokerage of ₹ 2,000 for the same. She also paid securities transaction tax. Compute tax on capital gain and tax payable.

What will be the position if she sells the shares on 1.4.2013 instead of 31.03.2013 ?

4. a) Distinguish between 'assessee' and deemed and deemed assessee.  
 b) What is accelerated assessment ? Give any three examples.  
 c) Mr. A's particulars of income for the previous year 2013-14 and 2014-15 are as under :

	P.Y.	
	2013-14	2014-15
	₹	₹
Business Profit (Before depreciation)	35,000	50,000
Current depreciation	25,000	30,000
Taxable income from House property	10,000	30,000

Find out the total income of Mr. A for the A.Y's 2013-14 and 2014-15.

5. a) What is negative Annual value ?  
 b) What are the deduction allowed from the annual value ?  
 c) Mr. 'X' is the owner of a house at Agra, particulars in respect of which for the year ended 31.3.2014 are as below :

1) Actual rent received	4,500
2) Municipal valuation	4,200
3) Total Municipal tax	630
4) Municipal tax paid by Mr. 'X'	420
5) Municipal tax paid by the tenant	210
6) Interest on loan taken to renew the house	150
7) Unrealized rent allowed in the A.Y. 2010-11 recovered during the year	2,000

Compute Mr. 'X's income from House property for the A.Y. 2014-15.

6. a) What is 'Income' under Income Tax Act ?  
 b) What are the different types of residents ?  
 c) Mr. Prasad has furnished the following particulars for the previous year 2014-15. Calculate his total income, if he is non-resident.

	₹
1) Salary for 3 months received in India	9,000
2) Dividend received in Germany from British companies out of which ₹ 3,000 remitted to India	22,000





3) Income from business in Pakistan being controlled from India	10,000
4) Interest on SB deposit in SBI	1,000
5) Amount brought to India out of part untaxed profit earned in Japan	20,000
6) Income from house property in India (computed)	3,400

## SECTION – B

Answer **any two** questions. **Each** carries 12 marks.

(2×12=24)

7. a) From the following particulars of Mr. Satees calculate his taxable income for the A.Y. 2014-15.

Salary	1,29,000
Business income	4,70,000
Royalty on books for colleges	30,000
Rent from House property	20,000
Dividend income	15,200
Bank interest	8,800
Income of a minor son	15,000
Long term capital gains	30,000
Contribution to PPF	30,000
LIC premium paid	10,000
Health insurance premium paid by cheque	8,000
Donation to National Defence Fund	5,000

OR

- b) Mr. Gopalan's particulars of income are as under during the previous year 2014-15.

a) Taxable income from salary	1,38,000
b) Taxable income from house property	
i) Income from House A	38,000
ii) Income from House B	16,000
iii) Income from House C	14,500
c) Business income	
i) Profit from Business	97,000
ii) Current year depreciation	16,500
iii) Previous trade loss	4,500
iv) Speculation profit	4,000



d) Capital Gain	
i) Short term Capital profit	16,000
ii) Long term capital profit	5,200
iii) Long term Capital loss	-12,500

Compute Gross Total Income after set off of loss. Loss from house property b/f for the A/Y 2014-15 ₹ 9,000.

8. a) Profit and Loss A/c of a trader shows net profit of ₹ 38,000 after debiting following item. Find out income from business for the A.Y. 2014-15.
- 1) Payment of income tax ₹ 7,000 and income tax proceeding expenses ₹ 11,000.
  - 2) Interest on loan taken for payment of income tax ₹ 1,000.
  - 3) Sales tax ₹ 1,800 and penalty ₹ 4,000 for delay in payment of sales tax.
  - 4) Cash payment to a creditor ₹ 28,000.
  - 5) Municipal tax ₹ 1,800 1/3 portion of the house is used for business and half portion is used for self residence and remaining portion is let out.
  - 6) Income of ₹ 750 accrued during the previous year is not recorded in P&L a/c.
- Aforesaid net profit includes ₹ 3,000 for recovery of old bad debts which were disallowed by Income Tax Officer in past.

OR

- b) Below are the particulars of Income of Shri Mohanlal for the A.Y. 2014-15.
- |  |          |
|--|----------|
| a) Rent received from House property                   | 28,000   |
| b) Profit from cloth business                          | 1,75,000 |
| c) Share of profit from a firm of Ram, Mohan and Sohan | 52,000   |
| d) Speculation profit                                  | 13,000   |
| e) Short term capital gain                             | 4,000    |
| f) Long term capital gain                              | 2,000    |

The following losses have been carried forward from previous year.

i) Loss from cloth business	24,000
ii) Speculation loss (This speculation has been closed)	15,000
iii) Losses under the head Capital Gain	
Short term	7,000
Long Term	1,300

Compute the Gross Total Income and the amount of loss to be carried forward.



K15P 0202

Reg. No. : .....

Name : .....

**Third Semester M.A./M.Sc./M.Com. Degree (Reg./Sup./Imp.)  
Examination, November 2015  
COMMERCE  
(2014 Admn.)**

**COM3C 13 : Income Tax Law and Practice**

Time : 3 Hours

Max. Marks : 60

**SECTION – A**

Answer **any 4** questions **each** carries **1** mark for Part **a)**, **3** marks for Part **b)** and **5** marks for Part **c)** :

1. a) What is maximum marginal rate ?  
b) Who is a 'person' under Income Tax Act ?  
c) Nixon, an American citizen, was appointed as senior Scientific Officer in India on 1<sup>st</sup> April 2001, on 31<sup>st</sup> January 2009 he went to Uganda on deputation for a period of 3 years but left his wife and children in India. On 1<sup>st</sup> May 2010 he came to India and took with him his family to Uganda on 30<sup>th</sup> June 2010. He returned to India and joined his original job on 2<sup>nd</sup> Feb. 2012. What would be the residential status of Nixon for income tax purposes in the A.Y. 2012-13.
2. a) What do you mean by transferred balance ?  
b) Give any six examples of excepted income for an employee.  
c) A, a bank manager gets ₹ 18,000 p.m. as salary and D.A. at 10% of the salary. He is getting entertainment allowances of ₹ 8,000 p.a. During the previous year ended 31-3-2014, he received a bonus of 3 months salary. He is also provided with a rent free house (unfurnished) in a town (whose population is less than 4 lakhs) whose fair rent is ₹ 5,000 p.m. Find out his income under the head salaries for the Assessment Year relevant to the previous year 2013-14.
3. a) What do you mean by composite rent ?  
b) How will you calculate the expected rent of a house property ?

P.T.O.



c) Mr. A let out a house to Mr. B on 1-4-2006 @ ₹3,000 p.m. for 5 years. After the expiry of 5 years Mr. B refused to vacate the home. Hence Mr. A filed a suit to get the house vacated and incurred expenses of ₹1,000 in this connection. Later on Mr. A agreed to renew the tenancy for 5 year from 1-4-2011 to 31-3-2013 on 1-6-2013. Mr. A paid the following amount during the period.

- 1) House tax ₹6,000;
- 2) Insurance premium ₹ 800
- 3) Ground rent ₹ 500.

Find out the income for House property for the A.Y. 2014-15.

4. a) What do you mean by profession ?
- b) Mention any six items of expenditure. Which are expressly allowed as deduction under the head business and profession ?
- c) Advise the assessee about the admissibility or otherwise of the claims with regard to the following items, giving reason ?
- a) Compensation paid to an employee for premature termination.
  - b) Amount spent in a successful suit filed against another for infringing the assessee's trade mark.
  - c) Penalty paid to customs authorities for importing prohibited goods which yield a large margin of profit.
  - d) Travelling expenses of a director who went to Europe for negotiating the purchase of a new machinery which was eventually installed next year.
  - e) Lump sum consideration paid on 1-7-2011 for acquiring know-how ₹6,00,000.

5. a) What is short term capital asset ?
- b) How will you compute long term capital gain.
- c) Suresh converts his plot of land purchased in the year 1981-82 for ₹40,000 into stock in trade on 31-3-2011. The fair market value on 31-3-2011 is ₹3,20,000. The stock in trade is sold for ₹3,60,000 in the month of May 2011. Find out the taxable income if any, and if so under which head of income and for which A.Y. Cost inflation index in 1981-82 was 100 and in 2010-11 is 711.



- 6. a) What is less tax government securities ?
- b) Name at least five items which can be included under the head 'Income from other sources' ?
- c) Calculate income from other sources from the information given below :
  - a) Winning from lottery ₹ 1,00,000.
  - b) Amount received from race winning ₹ 35,000.
  - c) Gift received ₹ 20,000 from his friend, ₹ 1,00,000 from his elder brother, ₹ 1,40,000 as gift on his marriage, ₹ 80,000 as gift from his NRI friend and ₹ 18,000 received from his friend.

SECTION – B

Answer the **two** questions, **each** carries **12** marks.

- 7. Discuss fully the taxable allowances under the head salary.

OR

Mr. Raghav owns a residential house property. It has two equal residential units. While Unit I is self occupied by Raghav for his residential purpose. Unit II is let out (rent being ₹6,000 p.m. rent of two months could not be recovered) Municipal value of the property is ₹ 1,30,000, standard rent is ₹ 1,25,000 and fair rent is ₹ 1,40,000, Municipal tax is imposed at 15% which is paid by Raghav. Other expenses for the previous year 2013-14 being repairs ₹ 800, insurance ₹ 1,500, interest on capital (borrowed during 1997). For constructing the property ₹ 63,000. Find the house property income of Raghav for the A.Y. 2014-15.

- 8. a) Mr. Pinto sold the following assets during the financial year 2012-13

	Plot A	Plot B	Jewellery
Date of Purchase	1-1-1988	10-5-2009	1-4-1978
Date of Sale	1-11-2012	1-5-2012	28-3-2013
Cost of acquisition	2,40,000	1,00,000	50,000
Sales price	15,30,000	4,00,000	20,00,000
Selling expenses	30,000	Nil	Nil
Fair market value on 1-4-1981	Nil	Nil	2,20,000
Cost inflation index 2012-13 – 852	2002-03 – 447		
	1987-88 – 161	1981-82 – 100	

Compute taxable capital gain if any.

OR



- b) Dr. Suresh is a medical practitioner. Beside his own practice he works as a part time physician in a private hospital for which he receives a monthly remuneration. He is also consultant physician of XYZ Co. Ltd. on a monthly retainer fee.

The doctor maintain a record of his receipts at payment and for the year ended 31-3-2014. The following information is abstractd their from.

**Receipts**

Consultation fee receipts	1,60,000
Gross remuneration from private hospital	24,000
Retainer for from XYZ Co. Ltd.	6,000
Interest on Bank deposits (Nationalised bank)	13,000

**Payments**

Rent and electricity charges for the clinic	12,000
Telephone charges	2,400
Printing and stationary	500
Car maintainence expenses	12,000
Wages of clinical assistant	3,600
Driver salary	3,600
LIC premium	2,400

The written down value of the car and the furniture at the clinic as on 1-4-2013 are used to be ₹ 25,000 and ₹ 2,000 respectively. 20% of the use of the car and the telephone is attributable to the personal and private purposes. Provide for depreciation on car @ 15% and Furniture @ 10%.

Prepare statement showing the total income of the doctor for the A.Y. 2014-15.

(2×12=24)