



**LOYOLA COLLEGE (AUTONOMOUS), CHENNAI – 600 034**

**B.Com.DEGREE EXAMINATION –COMMERCE**

**FIFTH SEMESTER – APRIL 2019**

**16UCO5MC03– INCOME TAX LAW AND PRACTICE**

Date: 22-04-2019  
Time: 09:00-12:00

Dept. No.

Max. : 100 Marks

**SECTION-A**

**ANSWER ALL QUESTIONS**

**(10X2=20)**

1. State the basic condition for assessing residential status of an Individual.
2. What do you mean by Allowance?
3. What do you mean by Deemed to be let out?
4. Define Assessee.
5. Define Casual income
6. Write a short note on Annual Value.
7. What do you mean by Cost inflation index?
8. State any 4 expenses disallowed while computing Business Income?
9. Mr.Ankit received the following gifts during PY 2017-18:
  - (a) He received a gift in cash of Rs.20,000 from his uncle on 30.6.2017.
  - (b) He received a gift of Rs.21,000 on his wedding from Mr. X on 1.12.2017.Calculate the amount of taxable gifts chargeable under the head 'Other Sources'.
10. Mr.Rajendran left for U.S.A. along with his family, for the first time, on 14-10-2017.He returned to India on 31-05-2018. Determine his residential status for the assessment year 2018-2019.

**SECTION-B**

**ANSWER ANY FOUR QUESTIONS**

**(4X10=40)**

11. Explain any ten incomes which are exempted from tax.
12. Explain any five perquisites taxable for all the employees.
13. Sri. Anand has the following investments for the previous year ended 31-03-2018:
  - a) 10% Rs. 30,000 Govt. Securities
  - b) 10% Rs. 40,000 Karnataka Govt. Loan.
  - c) 10% Rs. 30,020 Tax free debentures of a company.
  - d) 10% Rs. 20,000 Debentures (Listed) of a Tea company.
  - e) Rs. 7,110 received as interest on Debentures of an unlisted company.
  - f) Received Rs. 18,000 as interest on tax free debentures (Listed) of a company

He paid commission to his bank Rs.500 for collecting the above amounts. Find out his Taxable

“Income from Interest on securities” for the A.Y 2018-19.

14. On 1-06-2015 “B” a Malaysian citizen left India after continuous stay of 10 years. During the financial year 2016-17, he came back to India and stayed for a period of 46 days and left. In the previous year 2017-18, he came back to India on 10-10-2017 and stayed here thereafter for one year. **Determine “B”’s residential status for the assessment year 2018-19.**

15. Mr. Paneerselvam owned two motors cars which were mainly used for business purposes. The written down value on April 1, 2017 of these cars is Rs.1,81,000 The block of assets comprising of only these two cars, was sold in June 2017 for Rs. 1,50,000. In September 2017, he sold,1,000 shares in X Ltd (Unlisted) an Indian Company, for Rs.3,10,000.He had purchased the same during March,2005 for Rs. 3,10,000 . A house plot purchased in March, 2011 for Rs.3,00,000 was sold by him for Rs.9,35,000 on January 18, 2018. (CII 2010-11: 167, 2004 – 05:113, 2017-18:272)

Compute the capital gains chargeable to tax in respect to the above transactions for the assessment year 2018-19.

16.Mr. Gopal has earned profits from business of Rs. 8,00,000. He has made the following contributions.

- i) A sum of Rs. 50,000 was paid to J.N University as a contribution to scientific research programme which is not related to business.
- ii) A sum of Rs. 40,000 was paid to pusa Agriculture Research institution, a national laboratory functioning at National level.
- iii) A contribution of Rs. 10,000 was made to an approved body to undertake scientific research programmes in social science and statistical research.

**Compute taxable profits of business and profession.**

17. Compute the taxable portion of allowances from the information furnished by Mr.Hari Haran for the Assessment year 2018-19

Particulars	Rs
Traveling allowance (expenditure Rs.750 p.m)	1,500 p.m
Helper allowance (expenditure Rs.1,350 p.m)	1,200 p.m
Tribal area allowance	2,400 p.m
Education allowance(per child) (for 3 children)	300 p.m
Hostel expense allowance(per child) (for 3 children) (Actual expense Rs. 2,500 p.m per child)	2,500 p.m
Transport allowance (Actual expense Rs.15,000 p.m)	19,000 p.m
Conveyance allowance(50% personal)	1,500 p.m
Dog allowance	1,000 p.m

**SECTION-C**

**ANSWER ANY TWO QUESTIONS****(2X20=40)**

18. Following details are available from P.N. Dutta, a resident individual for the year ending on 31-03-2018.

You are required to compute his taxable income under the head 'Salaries'.

	Rs
i) Salary received	71,000
ii) Income – tax deducted at source	1,200
iii) Own contribution to R.P.F. deducted from Salary	8,000
iv) Dearness allowance 40% of salary (Forming Part)	
v) Employer's contribution to R.P.F	8,000
vi) Interest on accumulated balance of R.P.F.@ 12%	2,400
vii) He is provided with a furnished free quarters for residential purposes in Calcutta (Population above 25 lakhs) by his employer, the fair rent of which is Rs.4,000 p.m. Cost of furnishing is Rs.45,000. Gardener's salary paid by employer is Rs.3,000 p.a.	
viii) He is provided with a car of 1.6 Ltr cc by his employer of both personal and official use and expenses of maintaining and running the car with chauffeur (driver) are borne by the employer.	
ix) He had two life insurance policies; one on his own life for a policy value of Rs.90,000 on which annual premium paid by his employer is Rs.8,200; and the other on the life of his wife for a policy value of Rs.20,000 on which premium paid by him is Rs.1,800	
x) Compute his total income and Q.A. for deduction u/s 80C.	
xi) He has incurred Rs. 21,000 as college tuition fee for his children.	

Amount invested in canpep (ELSS) Rs. 40,000

Deposit in Home loan A/c of Bank Rs.50,000

Deposit in unit linked insurance Rs. 60,000

19. Mr. Murali is a reputed lawyer of Chennai. He has prepared the following income and expenditure account for the year ended 31.03.2018

Particulars	Rs	Particulars	Rs
Household Expenses	12,000	Legal Fees	1,26,000
Charity	500	Appointment fees	1,400
Telephone Expenses	500	Cash gift received from client	2,000
Income Tax	900	House Rent	15,000
Rent	4,000	Interest on Govt. Securities	3,000
Gift to Daughter	2,000	Salary as part time Lecture	6,000
Electricity	1,000		
Donation to NDF	1,000		
Contribution to PPF	2,400		
Books for Profession (Annual Publications)	3,000		
Salaries	15,000		
Purchase of motor car	60,000		
Purchase of Furniture	2,000		
Life Insurance premium	5,000		
Office expenses	7,000		
Motor Car expenses	6,000		

Purchase of Typewriter	6,000		
Expenses of income over expenditure	25,100		
	<b>1,53,400</b>		<b>1,53,400</b>

Following other particulars were received :

- Sri. Murali lives in one half of the house and the other half is used for office. Rent and Electricity charges are in respect of this house.
- One half of car expenses are for personal use.
- Depreciate Motor car @ 15%, typewriter @ 15%, and furniture @ 10%.
- Rate of depreciation on books for profession is @ 40%

Compute his taxable Income from Business & Profession for the assessment year 2018-19.

20. Mr. Ramachandran owns two houses at Chennai. Compute his income from house property for the assessment year 2017-18.

PARTICULARS	HOUSE I RS.	HOUSE II RS.
F.R.V	1,36,000 p.a	1,20,000 p.a
Actual rent	4,000 p.m	12,000 p.m
Municipal rental value	40,000 p.a	1,30,000 p.a
Standard rent	38,000 p.a	N.A
Municipal tax	10% of MRV + 2% of municipal tax as sewerage cess	10% of MRV + 2% of Municipal taxes as sewerage cess
Actual repairs expenses	4,000	12,000
Ground rent	2,000	2,500
Collection charges	500	1,200
Interest on loan	12,000 p.a.	48,000 p.a.
Vacancy period	3 months	-
Bonafide unrealized rent of current year	---	36,000

Construction of house II started on 1<sup>st</sup> November 2012 and he borrowed Rs.4,00,000 @ 12% on 1<sup>st</sup> July, 2013 for the completion of construction. The house was completed on 30<sup>th</sup> November 2015 and since then it is let out.

21. During the year ended 31<sup>st</sup> March 2018, Mr. David sold the following assets:

S.no.	Particulars	Sale Proceeds Rs.
1	Shop purchased in 2005-06 (CII : 117) for Rs.48,000	1,80,000
2	Machinery purchased in 2003-04 (CII : 109) for Rs.50,000 (WDV on 1.4.2017 Rs. 35,000)	60,000
3	Furniture purchased on 1.5.2017 for Rs.1,000	1,300
4	Machinery purchased on 1.5.2017 for Rs.10,000	12,000
5	Agricultural Land in Agra purchased in 1998-99 for Rs.40,000 [FMV on 1.4.2001 being Rs.75,000, (CII : 100)]	2,80,000
6	One residential house purchased in 2007-08 costing Rs.80,000 (CII : 129)	2,90,000

During the year he bought a new house for his residence for Rs.6,00,000. Cost of Inflation Index for 2017-18 is 272. Compute the taxable amount of Capital Gains.

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