



# LOYOLA COLLEGE (AUTONOMOUS), CHENNAI – 600 034

## B.Com.DEGREE EXAMINATION –CORPORATE SECRETARYSHIP

FIFTH SEMESTER – APRIL 2019

### BC 5508– INCOME TAX, LAW AND PRACTICE

Date: 23-04-2019  
Time: 09:00-12:00

Dept. No.

Max. : 100 Marks

#### SECTION - A

ANSWER ALL THE QUESTIONS:

(10 x 2 = 20 marks)

1. Who is non-resident?
2. What is sub-letting?
3. Define security.
4. How benami transaction is treated for taxation?
5. Find out the assessment year for the following previous years:

	Income	Previous Year
(i)	Salary income of Mr. A	April 2017 to March 2018
(ii)	Business income of Mr. B	April 2017 to March 2018
(iii)	Newly set up business on	12-5-2017
(iv)	House property income	April 2018 to March 2019

6. Calculate the amount of basic salary of a Lecturer for the previous year 2017-18 who is appointed on 1.1.2012 in the grade of 18,000-500-30,000. He gets increment after every 12 months and salary is due on 1<sup>st</sup> of every month.
7. Compute the amount of taxable annual accretion to RPF for Mr. Joseph, from the information given below:
  - (i) Salary @ Rs. 3,500 p.m.
  - (ii) D.A @ Rs. 1,000 p.m. (Rs. 500 p.m. enters into pay for service benefits)
  - (iii) He and his Employer contribute Rs. 500 p.m (each) to R.P.F.
  - (iv) Interest credited to accumulated balance of RPF @ 14% is RS. 8,400
8. Mr.Arun hired a house of 5 rooms at Rs. 5,000 p.m. He paid RS. 6,000 as Municipal Taxes and spent Rs. 5,000 on the repair of the house. He has sub-let 2 rooms at the rate of Rs. 3,000 p.m. to his friend Mr.Koushik. Compute income from sub-letting.
9. Mr. Rahman purchased a house on 1-11-2001 for Rs. 2,00,000 which was improvised in 2010-11 at the cost of Rs. 1,00,000. What will be its indexed cost during 2017-18 if C.I.I. for 2001-02 is 100, in 2010-11 is 167 and for 2017-18 is 272.
10. X, a minor aged 12 years is suffering from physical disability specified u/s 80U. His grandfather has deposited Rs. 10,00,000 in his name in State Bank of India [ F.D. Account]. The rate of interest is 11%.  
State whether the provision of clubbing of income of minor shall be applicable or not.

**SECTION – B**

**ANSWER ANY FOUR QUESTIONS:**

**(4 x 10 = 40 marks)**

11. Explain the calculation of House rent allowance.
12. What are the provisions relating to deductions from Gross salary Income under Income Tax Act, 1961?
13. Compute gross salary from information given below.

Mr. Abishek is employed at Amritsar on a salary of Rs. 30,000 p.m. The employer is paying H.R.A of Rs. 8,000 p.m. but the actual rent paid by him (employee) is Rs. 12,000 p.m. He is also getting 2% commission on turnover achieved by him and turnover is Rs. 50,00,000.

14. Mr. Baskar retires on 1<sup>st</sup> July 2017 after 18 years of service and receives Rs. 75,000 as amount of leave encashment for 15 months. His employer allows 45 days leave for every one year of service. During service he has already encashed leave for 12 months. Calculate the taxable amount of leave encashment if his salary during 1-7-2016 to 1-7-2017 was Rs. 5,000 p.m.

15. Chandran is the owner of 4 houses. One house is let to a tenant for Rs. 3,000 p.a. The second house, the municipal valuation of which is Rs. 4,500 p.a. is in his own occupation. The third house remained vacant throughout the whole year as it was not in rentable condition. The fourth house, the municipal valuation of which is Rs. 6,000 is used by A for his business.

His expenses in respect of these houses are as follows:

	Rs.
Interest on loan taken to repair the residential house	400
Fire insurance premium for 1 <sup>st</sup> , 2 <sup>nd</sup> and 4 <sup>th</sup> house	1,410
Collection charges	350
Ground rent in respect of 2 <sup>nd</sup> house	200

The first house, which is let, remained vacant for two months.

Calculate A's income from house property.

16. M/s P. Bros., Ludhiana running an industrial unit were ordered by Municipal Corporation, Ludhiana to shift their concern from urban area of Ludhiana. They shifted their concern during 2017-18 previous year and in this process sold some of the assets whose details are given below:

Asset Acquired in	P & M 2006-2007 Rs.	Land June 2003 Rs.	Building 2006-2007 Rs.
Sale Proceeds	10,00,000	10,90,000	12,00,000
W.D.V. on 1-4-2017 [cost u/s 50(2)]	4,40,000	-	7,32,500
Cost of acquisition	6,00,000	3,00,000	10,00,000
Amount invested during Dec. 2017 due to shifting	8,00,000	2,00,000	5,00,000

Compute the taxable Capital Gain for the assessment year 2018-19 if [C.I.I. for 2003-04 is 109; 2006-07 : 122, and 2017 – 18 is 272]

17. The following are the particulars of income and loss of an individual under different heads of income.

Set-off losses in the assessment year 2018-19 and find out the net result:

	Rs.
Income from house property A	5,000
Income from house property B	(-)8,000
Income from interest on securities	20,000
Income 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

### SECTION – C

**ANSWER ANY TWO QUESTIONS:**

**(2 x 20 = 40 marks)**

18. Write short notes on:

- a. Income
- b. Pension
- c. Previous year
- d. Assessment year

19. Following are the particulars of two house properties owned by Mr.Akash.

	House-I	House-II
Municipal valuation	96,000	90,000
Fair rent	88,000	96,000
Standard rent	90,000	1,08,000
Actual rent received	9,000 p.m.	10,000 p.m.
Self-occupied	1-4-2017 – 30-11-2017	1-12-2017 – 31-3-2018
Let out	1-12-2017 – 31 -3-2018	1-4-2017 – 30-11-2017
Municipal taxes – Due	6,000	8,000
Paid	3,000	Nil
Interest on borrowed money	10,000	42,000

Loan taken to construct House-II is still outstanding. Loan was taken in 1998.

Find out Mr.Akash's income from house property.

20. Mrs. Seetha has the following investment and incomes in the previous year ended 31.3.2018. Calculate her income from other sources.

	Rs.
a. Dividend from an Indian company	7,800
b. Examinership remuneration	2,000
c. Royalty by the publication of a book	48,000
d. Winnings from Lottery (Net) [Received on 1-3-2018]	35,000
e. Rs. 40,000, 10% Debenture of company (Unlisted)	
f. Rs. 40,000, 12% Punjab Govt. Securities	
g. Rs. 50,000, 13% Less Tax commercial securities (Unlisted)	
h. Rs. 40,000, 10% Tax-free debentures of a company (Unlisted)	
i. Rs. 5,400, as interest on Tax-free debentures (listed) [Received on 1-3-2018]	

In October 2017 she sold the above Rs. 40,000, 10% (Tax free) debentures of a company for Rs. 45,000. In December 2017 she inherited Rs. 63,000, 10% (Tax free) Debentures (Listed) of XY Co. Ltd., from her father. Interest on above securities falls due on December 31<sup>st</sup> of every year.

She claims the following deductions:

- (i) Collection charges for interest and dividend @ 2% of net amount realised.
- (ii) Purchase of lottery tickets Rs. 2,000

21. Following are the particulars of incomes of Mr. A, A's wife B and their sons C & D.

Mr. A is employed with a company and his salary is Rs. 30,000 p.m. and he is also getting Rs. 10,000 p.m. for other benefits. His house property income during the year will be Rs. 24,500. During the year Mr. A gifted Rs. 5 lakhs to his wife and she deposits the same in the bank and earned interest of Rs. 24,000.

Mrs. B is running a child care centre at her house and her annual income is expected to be Rs. 2,00,000. During the current year she is expected to earn Rs. 80,000 from her deposits in the bank and she received Rs. 10,000 as dividend from shares in various companies.

Mr. C is a T.V. artist and earns Rs. 3,00,000 during the year. His grandfather gifted him Rs. 5 lakhs on his 15<sup>th</sup> birthday on 21.6.2015 which he deposited in the bank and his interest income during the year is Rs. 45,000.

Mr. D also got Rs. 5 lakhs on his 15<sup>th</sup> birthday in May, 2012 and he invested the amount in debentures of a Public Limited Company @ 12%.

Find out total incomes of A, B, C and D for the assessment year 2018-19.

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