



Date: 26-10-2018
Time: 01:00-04:00

Dept. No.

Max. : 100 Marks

PART – A

Answer ALL questions:

(10*2=20)

1. What is previous year?
2. State whether the following are capital or revenue expenditure:
 - (a) Cost of reconstruction of a business building.
 - (b) Expenditure incurred to secure overdraft facilities from bank.
 - (c) Expenditure incurred for issue of shares.
 - (d) Repair expenses of Machinery.
3. What is an Allowance?
4. Define “Annual Value”.
5. Write a note on Long Term and Short Term Capital Gains.
6. Mr. X left for U.S.A on 10th March, 2015 after having lived in India for 20 years. He returned to India on 10th Sept 2017. Ascertain his residential status for the assessment year 2018-19.
7. Mr. ‘A’ is employed at Chennai on a salary of Rs. 3,000 p.m. The employer is paying H.R.A. of Rs. 350 p.m. but the actual rent paid by him is Rs. 500 p.m. He is also getting 2% commission on turnover achieved by him and turnover is Rs. 1,50,000. Compute his taxable H.R.A.
8. Calculate the Annual Rental Value from the following particulars:

Actual Rent Rs. 6,000 p.m.
FRV Rs. 66,000 p.a.
MRV Rs. 60,000 p.a.
Standard Rent Rs. 69,000 p.a.
9. From the following details calculate capital gain:
 - (a) Sale consideration of residential house Rs.10,00,000 on 2.6.2017 (CII: 272)
 - (b) Cost of acquisition of the house on 1-5-2007 is Rs.2,10,000 (CII: 129)

10. Calculate the total income of Mr. Joel for the assessment year for the particulars given below:

Income from salary Rs.3,00,000 (computed)

Income from house property Rs.74,000

Income from other sources Rs.1,50,000

Life Insurance Premium paid Rs.2,000.

PART – B

Answer any FOUR questions:

(4*10=40)

11. Explain any ten incomes which are totally exempt from tax.

12. Distinguish between Capital and Revenue Expenditure.

13. Explain the provisions of Income-tax Act relating to set off and carry forward of losses.

14. The following are the details of income of Ms. Melinda:

(a) Share of income from a joint venture in India Rs.10,000.

(b) Dividend Rs.1,000.

(c) Income from Agriculture in Pakistan Rs.20,000.

(d) Salary received in India Rs.9,800 (computed) but the services for the same were rendered in Iran.

(e) Income from business (controlled from India) in Pakistan Rs.10,000 and the income remitted to India.

(f) Income earned and received in Pakistan from bank deposits Rs.5,000.

(g) Income accrued in India but received in Iran Rs.10,000

Compute Ms.Melinda taxable income if she is:

i) resident, ii) a not ordinarily resident, or iii) a non–resident.

15. Compute Income from a house property of Mr. X from the following particulars:

	Rs
Municipal Value	60,000
Fair Rental Value	70,000
Actual Rent Received	70,000
Standard Rent	84,000
Municipal Taxes	6,000
Expenses on repairs	4,000
Insurance premium	2,500
Year in which loan taken for the purchase of the house	April 2002
Interest on loan paid during the previous year	2017-18
	40,000

16. Mr. Franklin furnishes the following information about his income for the previous year 2017-18.

Compute his income under the head "Other Sources."

	Rs.
(i) Dividend on equity shares (Indian Company)	600
(ii) Dividend on preference shares (Indian Company)	3,200
(iii) Income from letting on hire of building and machinery - composite lease	17,000
(iv) Interest on bank deposits	2,500
(v) Director's sitting fees	1,200
(vi) Ground rent	600
(vii) Income from undisclosed sources (unexplained expenditure)	10,000
(viii) Income from lotteries (Gross)	10,000

The following deductions are claimed by him :

(a) Collection charges of dividend	20
(b) Allowable depreciation on building and machinery	4,000
(c) Fire Insurance premium on building and machinery	100

17. From the following particulars compute the total income of Mr. David for the assessment year 2018-19 :

	Rs.
Income from house property	(-) 8,000
Short term capital gain on sale of shares	95,000
Long term capital loss on sale of bonds	(-) 85,000
Other Sources : Interest on Govt. Securities	18,000

PART – C

Answer any TWO questions:

(2*20=40)

18. Explain the deductions available under Section 80C of the Income-Tax Act.

19. From the following particulars, find out the taxable salary of Ms. Sharon working at Coimbatore.

[Population 11 lakhs]

(a) Salary Rs.12,000 p.m.

(b) D.A. @ 100% of salary

(c) Employer's contribution to Employee's Recognised Provident Fund – 14% of basic salary.

(d) Rent- free accommodation (unfurnished) – fair rental value is Rs.80,000 p.a.

Expenses on maintenance of garden met by employer Rs.3,000.

(e) Interest on Provident Fund balance @ 13% p.a. Rs.3,900.

(f) A car (1.4 lt. capacity) is provided by employer. All expenses are borne by employer.

It is used both for performance of duties and private purposes. Car was used by employee for only 11 months during the year.

(g) She paid professional tax of Rs.200

(h) She received Rs. 500 p.m. as fixed medical allowance.

20. From the following particulars, compute the business income of Mr.S.Ranganathan.

Rs.	Rs.		
To Salaries	90,000	By Gross Profit	3,50,000
To Rent and Taxes	20,000	By Dividend	4,000
To Service Charges	4,000	By Bad debts	
To Legal Expenses	5,000	(allowed earlier)	4,400
To Reserve for Income Tax	6,000	By Interest from Post	
To Depreciation	12,000	Office Savings Bank	1,200
To Expenses on Acquisition			
of patent rights	56,000		
To Office Expenses	42,000		
To Contribution to RPF	12,000		
To Bad debts	4,500		
To Donation to NDF	2,500		
To Net Profit	1,05,600		
	<hr/>		<hr/>
	3,59,600		3,59,600
	<hr/>		<hr/>

Additional Information:

(a) Depreciation of the year on assets other than patent rights is Rs.16,900.

(b) Contribution to RPF due on 31-3-2018 is Rs.2,000.

21. Compute tax liability of Mr.X from the particulars given below for the assessment year 2018-19:

	Rs.
(a) Grosssalary	2,46,000
(b) House property rent	20,000
(c) Long term capital gains	20,000
(d) Winnings from lottery	50,000
(e) Interest on debentures	4,400
(f) Qualifying Amount for deduction u/s 80C	10,000
