

LOYOLA COLLEGE (AUTONOMOUS), CHENNAI – 600 034



B.Com. DEGREE EXAMINATION – CORPORATE SECRETARYSHIP

FIFTH SEMESTER – NOVEMBER 2019

16/17UBC5MC03 – INCOME TAX - I

Date: 02-11-2019
Time: 09:00-12:00

Dept. No.

Max. : 100 Marks

Section – A

Answer ALL questions:

(10 x 2 = 20 Marks)

1. Define Assessee.
2. A doctor who is an Indian citizen left India to France on 6th July 2018, to take up an employment there. He has never been out of India in the past.
What is the residential status of the doctor for the previous year 2018-19?
3. Calculate Taxable HRA from the following:
Salary Rs. 12,000 p.m. D.A @ 20% of salary. HRA Rs. 800 p.m. Rent paid for house Rs.1,000 p.m.
(house in Trichy)
4. What is provident fund?
5. Write a note on standard deduction under section 16.
6. Define pension.
7. Write a short note on unrealized rent.
8. From the following calculate the expected rental value:

	Rs.
Municipal Rental Value	30,000
Fair Rental Value	36,000
Standard Rent	33,000

9. What is capital gain?
10. Machinery purchased in 1999 at a cost of Rs.5,00,000 depreciation allowed Rs.3,00,000. Sale price of machinery on 30.6.2018 Rs.7,00,000. Compute taxable capital gain.

Section – B

Answer any FOUR questions:

(4 x 10 = 40 Marks)

11. Explain the tax system prevalent in India.

12. Which of the following incomes are taxable when the residential status of Mr.V is:

(a) Resident

(b) Not Ordinarily Resident

(c) Non Resident ?

(i) Income accrued in Canada but received in India Rs.2,000

(ii) Rs.5,000 earned in Africa and received there but brought to India.

(iii) Rs.5,000 earned in India but received in Canada

(iv) Rs.10,000 earned and received in Sri Lanka from business controlled from India

(v) House property income (computed) from Sri Lanka Rs.2,000

(vi) Rs.4,000 was past untaxed foreign income which was brought to India during the previous year.

(vii) Profits earned from a business in Kanpur Rs.10,000.

13. Mr. Ramkumar retired on 31-12-2018 and his pension was fixed at Rs.3,600 p.m. He got 3/4th of the pension commuted for which he received Rs. 1,80,000 from his employer, a Ltd. Co. Find out taxable amount of commuted value of pension for the A.Y. 2019-20 if:

(a) He gets gratuity

(b) He does not gratuity and

(c) He is a Government Employee.

14. Examine the tax treatment of the following allowances received by Mr.X employed in Private company.

	Rs.
(i) City Compensatory allowance	5,000 p.m.
(ii) Tiffin allowance	300 p.m.
(iii) Servant allowance	1,200p.m.
(iv) Entertainment allowance	9,000p.m.
(v) Uniform allowance	600 (fully spent)
(vi) Tribal area allowance	300p.m.
(vii) Marriage allowance	300p.m.
(viii) Over time allowance	150p.m.
(ix) Helper allowance	80p.m. (50% spent)
(x) Project allowance	100p.m.

15. Dr. Prasanth owns four houses, the details regarding which are as follows:

- (a) The first house of the annual rental value of Rs.4,400 was occupied by him for his own residence.
- (b) The second house of the annual rental value of Rs.5,600 was letout at Rs.400 per month. He paid Rs.600 as interest on money borrowed for construction of the house, Rs. 80 as ground rent and Rs. 200 as fire insurance premium.
- (c) The fair rent of the third house is Rs. 1,600 and its actual rent is Rs.1,400 but in respect of this house legal maintenance charges of Rs.1,600 per year exists in favour of his father.
- (d) The fourth house, the municipal value of which is Rs. 6,000 was let-out at Rs.600 p.m. it remained vacant for 4months. The unrealised rent in respect of this house for the past years was Rs. 10,000 which satisfies all conditions for its allowance.

Find out income from house property for the assessment year 2019-20.

16. On January 2, 2019, X sells commercial plot for Rs.91,85,000 (cost of acquisition on March 10, 2004: Rs.1,05,000). Expenses on purchase and transfer are Rs.100 and 200, respectively. To get the benefit of exception under section 54EC, X makes the following investments-

- (a) Purchase of Rs.46,00,000 NHAI bonds on March 1, 2019.
- (b) Purchase of Rs.24,00,000 REC bonds on April 10, 2019.

Determine the amount of tax chargeable to capital gain. CII for 2003-2004=109; 2018-2019=280.

17. Explain the provisions relating to exempted capital gain.

Section – C

Answer any TWO questions:

(2x20=40 Marks)

18. List out ten incomes which are exempted under section 10 of the Income tax Act 1961.

19. Mr. Gowtham an employee of Madurai (population 18 lakhs) based company provides the following particulars of his salary income:

- (a) Basic pay Rs.8,000 p.m.
- (b) Dearness allowance of Rs. 2,000 p.m. (enters into retirement benefits)
- (c) Bonus Rs. 8,000 p.a.
- (d) Rent free accommodation provided by the employer, the fair rental value of which is Rs. 20,000 p.a. The cost of furniture provided there is Rs.10,000.
- (e) Entertainment allowance Rs.500 p.m.
- (f) His contribution to RPF is at 15% of salary.
- (g) Employer's contribution to RPF is Rs. 15,000 p.a.
- (h) Interest credited to provident fund at 9.5% p.a. amounted to Rs.1,900.
- (i) Free use of larger Motor Car for both official and personal purposes. Driver is also provided by the employer.

Compute Income under the head salary for the assessment year 2019-20.

20. From the particulars furnished by suman for the previous year ending March 31,2019. Compute the taxable income from house property for the A.Y.2019-20.

He owns a house property at a metro city.

Its fair rental value per annum is Rs.27,000 and municipal value Rs.24,000. The house was let out from April 1, 2018 to August 31, 2018 @ Rs.2,100 per month. From September 1,2018, Suman occupied the house for his residence.

Expenditure incurred and paid on the property:

(a) Municipal tax Rs.4,000

(b) Fire Insurance Rs.2,500

(c) Land revenue Rs 4,600

(d) Repairs Rs.1,000

Interest paid on borrowings for construction:

(a) For the year Rs.21,600

(b) Proportionate pre construction interest Rs.12,960.

21. Ms. Keerthana received a house from her father valued at Rs.50,000 during the year 1960. In 2004-05 she spent Rs.30,000 on additions to that house. The market value of house as on 1-4-2001 was Rs.1,40,000. She again spent Rs.20,000 during 2009-10 and remodeled the house. She sold the house for a consideration of Rs.50,00,000 on 15-10-2018 and paid Rs.20,000 as commission. She is not having any other house. In march 2019 she bought another house for Rs.10,00,000 and deposited Rs.25,00,000 in a capital gain account scheme.

By 15-10-21 she had withdrawn and constructed another residential unit in the house purchased in March 2019 for Rs.20,00,000. What is the chargeable capital gain for the Assesement Year 2019-20 and 2022-23? CII: For 2001-02=100; 2004-05 = 113; 2009-10 =148; 2018-19 = 280.
