



LOYOLA COLLEGE (AUTONOMOUS), CHENNAI – 600 034

B.Com. DEGREE EXAMINATION – CORPORATE SECRETARYSHIP

FIFTH SEMESTER – APRIL 2017

BC 5508- INCOME TAX, LAW AND PRACTICE

Date: 26-04-2017
Time: 01:00-04:00

Dept. No.

Max. : 100 Marks

PART- A

Answer ALL Questions:

(10 X 2 = 20)

1. Who is Assessee –in – default?
2. How do you determine Gross Total Income?
3. What is a Capital Loss?
4. A person after 26 years stay in India retired to England in April 2014 and returned to India on 15th February 2015 to take up a salaried appointment. What is his residential status for the previous year 2015-16?
5. Compute taxable part of annual accretion from information given below. Salary @Rs.4,800 p.m ; Commission @ 1% turnover of Rs. 2,40,000 achieved by him during the previous year ; Employer's contribution to R.P.F @700 p.m ; Interest credited to R.P.F balance @ 12 % p.a is Rs. 7,200.
6. Mr. X hired a house of 5 rooms @Rs. 5,000 p.m. He pays Rs. 6,000 as Municipal Taxes and spent Rs. 5,000 on the repair of house. He has sub-let 2 rooms at the rate of Rs.3,000 p.m. to his friend Mr.Y. Compute income from sub-letting.
7. Cost of acquisition in 1982-83 Rs. 1,20,000. Find out the indexed cost if sold in 2015-16. (C.I.I for 1982-83 is 109 and for 2015-16 is 1081).
8. Mr.R held the following investments. Compute his income from interest on securities for the year ending 31/03/2016, if interest accrues annually on 1st January. Rs. 90,000 10% (Tax free) Debentures of a listed company. (Rate of T.D.S 10%) ;Rs 1,00,000 12 % Punjab Govt.loan.
9. Compute taxable income and loss to be Carried Forward: Business profit for the previous year 2015-16 Rs.20,000 ; B/F Business loss of 2013-14 Rs. 10,000; Capital loss on shares Rs. 60,000; Loss from self –occupied house Rs.5,000.
10. Mr.D is Karta of an H.U.F. The H.U.F has a child (son of D's brother) who is mentally retarded. Mr. D's mother is also physically disabled. The H.U.F has spent rs.24,000 on their treatment and rehabilitation. Can H.U.F claim deduction u/s 80DD and if yes, how much?

PART- B

Answer any FOUR Questions:

(4 X 10= 40)

11. Explain the various features of Income Tax in India.
12. Distinguish between Capital and Revenue Expenditure with suitable examples.
13. What the different categories of assesses according to their Residential Status and how would you determine the status of an individual?
14. From the following particulars compute the total income of Mr.A for the assessment year 2016-17, if he is (a) Ordinary Resident; (b) Resident but not ordinary resident; (c) Non-resident. Income from House Property in India (computed) Rs. 32,000 ; Loss from House Property in France Rs. 60,000; Income from house property in England received there and deposited in bank there Rs. 90,000 : Business income in India Rs. 2,60,000; Loss from business in England Rs. 1,20,000; Profit from business in England which is controlled from there Rs.1,00,000; Interest on debentures of an Indian company Rs. 10,000; Income from profession set up in India received in England for services rendered in India Rs. 2,00,000.
15. Mr. John's income computed under the head 'Salaries' is Rs.2,69,500. Last year he received arrears of salary and gifted Rs.1,25,000 out of these to his wife. Mrs. John invested on 1-1-2015 Rs.5,00,000 in 15% debentures issued by a company.
These debentures were financed by Mrs. John as under:
 - a) Rs.1,25,000 received as gift from Mr. John.
 - b) Rs.3,00,000 out of her stridhan.
 - c) Rs.75,000 as loan taken from bank. Rate of interest is 18% p.a.

On 1-1-2016 the company paid interest to Mrs. John. She invested this interest in a fixed deposit with a bank @ 12% p.a. interest for the period 1-1-2016 to 31-3-2016 was Rs.2,250.

Compare gross total income of Mr. John and Mrs. John for the previous year 2015-16 explaining all the points clearly.

16. Sale price of Jewelry in October 2015 Rs.25,00,000 (CII : 1081) ; COA in 1987 -88 Rs. 2,50,000 (CII : 150) : Amount invested in construction of new house upto 31/07/2016 Rs.6,00,000; amount deposited in CGDS for completing the construction of new house Rs. 12,00,000 (deposited on 27/06/2016). Compute the taxable capital gain assuming that he does not own any other house. Compute deemed capital gain if he is able to invest only Rs. 10,00,000 out of amount deposited in CGDS?
17. Compute Income from Other Sources for Mr.X for the AY 2016-17. Interest on deposits with a company Rs. 10,000; University remuneration for working as examiner Rs. 6,000; Royalty for writing books Rs. 60,000; He claims to have spent Rs. 20,000 on writing these books; Dividend declared by R.Co. on 1/03/2016 but paid on 01/05/2016 Rs. 6,000; Interim dividend paid on 01/05/2015 Rs. 3,000; Stake money on race horses Rs. 1,50,000; Expenses on maintaining horses Rs. 2,40,000; Family pension received Rs. 36,000.

PART- C

Answer any TWO Questions:

(2X 20= 40)

18. Discuss in detail the provisions related to exempted income u/s 10 of ITA.
19. Compute the taxable income under the head income from salaries of Mr.X , who is working as a driver in a transport company for the AY 2016-17. Salary Rs.8,000 p.m.; Arrears of salary Rs. 4,000; DA Rs. 2,000 p.m; Employer is paying insurance premium of Rs. 16,000 p.a on Mr.X's life; Bonus received Rs. 15,000; Education allowance for grandchild Rs.400 p.m; Cash gift Rs. 10,000; CCA Rs.1,000 p.m; Medical expenses paid by employer Rs.6,000; He contributed 15% of his salary to a RPF and his employer contributes the same; He is given lunch allowance @Rs 100 per day for 250 days during the PY 2015-16; He is provided with a mobile, bill of which is paid by company Rs.6,000.

20. Mr.X, has occupied 3 houses for his residential purposes. From the following particulars determine House Property Income for the AY 2016-17.

Particulars	House A (Rs)	House B (Rs)	House C (Rs)
MV	40,000	60,000	80,000
FRV	50,000	70,000	65,000
SR	60,000	84,000	72,000
Expenses on repairs	2,000	4,000	3,000
Insurance premium	1,000	2,500	3,000
Year in which loan taken for purchase of house	1998	2002	2007
Interest on borrowed capital paid during PY 2015-16	35,000	40,000	25,000
Municipal Tax	4,000	6,000	9,000

21. From the following P&L A/c calculate income from Business for the AY 2016-17.

Particulars	Rs.	Particulars	Rs.
To rent & rates	1,000	By G/P	80,000
To income tax	2,600	By bank interest	450
To salaries	25,650	By IFOS	2,000
To commission on sales	100	By IFHP	4,800
To entertainment expenses	600	By bad debts recovered (last year allowed)	2,000
To commission paid to collect interest on securities	25		
To depreciation	5,000		
To embezzlement by cashier	1,000		
To bad- debts allowed	450		
To repairs to house	1,625		
To office expenses	9,180		
To LIC premium	1,320		
To N/P	<u>40,700</u>		
	<u>89,250</u>		<u>89,250</u>

(i) Depreciation on the assets is Rs. 4,500.
