



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

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

**FIFTH SEMESTER – NOVEMBER 2014**

**CO 5504 - INCOME TAX LAW AND PRACTICE**

Date : 30/10/2014

Dept. No.

Max. : 100 Marks

Time : 09:00-12:00

**SECTION A**

**Answer ALL questions:**

**( 10 x 2 = 20 )**

1. Give the meaning of 'Income'
2. Who is deemed assessee?
3. Discuss the employer-employee relationship.
4. Are employer's movable assets including laptop used by employee, taxable?
5. Define Annual rent.
6. What are the rules for deductiong unrealized rent?
7. To whom is additional depreciation allowed?
8. How can expenditure on know-how be deducted?
9. Explain the meaning of self-generated asset with example, under the head 'Capital Gain'.
10. Comment on tax free securities.

**SECTION B**

**Answer any FOUR questions:**

**( 4 x 10 =40 )**

11. What are the guidelines to distinguish capital receipt, from revenue receipts?
12. Mr. Luck is the owner of 2 houses. In respect of these he has furnished the following particulars:

	House A – Rs.	House B – Rs.
Date of completion of construction	(31.3.1996)	(1.7.2000)
Municipal rental value	3,60,000	6,00,000
Actual rent received	3,00,000	60,000 pm
Municipal taxes paid	36,000	30,000 (due)
Ground rent	1,000	7,800
Interest on loan taken for construction	50,000	1,82,000

Compute his income from house property for the assessment year 2014-15. Out of the Municipal taxes of house A Rs. 18,000 is paid by the tenant.

13. Mr. Zen gives the following particulars from his records for the year ending 31.3.2014. Compute his income from business.

	Rs.
Net Profit	
Contribution to unrecognized provident fund	2,00,000
Provision for in cone tax	40,000
Advertisement expenses including advertisement for	20,000

21. Mrs. X (age : 29 years) is a part-time lecturer in a college of the Delhi University. The details of her salary and other income for the previous year 2013-14 are as follows:

	Rs.
Basic Salary	2,60,000
Dearness allowance (forming part of salary)	52,400
Education allowance for two children (expenditure being Rs.600)	3,600
Hostel expenditure allowance for one child (expenditure being Rs. 7,000)	6,800
House rent allowance	80,800
Remuneration from the Calcutta University for acting as examiner	62,180
Allowance for research which is to be completed during January-April 2014 (actual expenditure incurred for completing the research : Up to March 31, 2014 : Rs. 1,500; During April 2014 : Rs. 3,000)	6,000

She is a member of statutory provident fund to which she contributes 12 per cent of her salary and similar amount is contributed by the college. Besides, the college reimburses Rs. 21,000 being expenditure incurred by Mrs. X on medical treatment of her daughter in a private clinic.

During the year, she spent Rs. 700 on the purchase of books for her teaching purposes. She has maintained a scooter for the whole year for office as well as private purposes. She has been living in a rented house and paying Rs. 9,000 per month as rent.

For the year 2013-14, she paid Rs. 6,500 as insurance premium on her life policy for Rs. 40,000 (date of payment: April 3, 2014).