

Reg. No

Name

M. COM DEGREE END SEMESTER EXAMINATION - OCTOBER 2019**SEMESTER 3 : COMMERCE****COURSE : 16P3COMT12 : DIRECT TAXES - LAW AND PRACTICE***(For Regular - 2018 Admission and Supplementary - 2016/2017 Admissions)*

Time : Three Hours

Max. Marks: 75

Section A**Answer any 10 (2 marks each)**

1. Distinguish between 'Assessee' and 'Deemed Assessee'.
2. How is 'share of a partner in the profits of a firm' treated?
3. What tests would you apply to distinguish capital receipts from revenue receipts?
4. What is reverse mortgage scheme?
5. How is 'Encashment of Earned Leave' exempt ?
6. Explain the tax treatment of municipal taxes while determining income from house property?
7. How is short term capital gains computed?
8. What is Presumptive taxation?
9. What do you mean by cross transfers?
10. How deduction is allowed u/s 80TTA?
11. What do you mean by GTI for 80 G?
12. How will you compute tax on winnings from lotteries ?

(2 x 10 = 20)

Section B**Answer any 5 (5 marks each)**

13. Explain the relation between residential status and incidence of tax.
14. Briefly explain the exemptions available u/s 54 from capital gains.
15. Mr. A is the owner of a house property in Delhi. The construction of the property was completed on 30th November, 2015. The property consists of 4 units. Actual rent received for each unit is Rs. 48,000 per annum. Standard rent of the property under Delhi Rent Control Act is Rs. 2,20,000. Municipal valuation of the property is Rs. 1,65,000. Rent of a similar property in the same locality is Rs. 2,00,000. Municipal taxes paid for the whole house by Mr. A during the previous year is Rs. 35,000. Three units are let-out for residential purposes and one for professional purpose. Find out the annual value of the property for the Assessment Year 2019-20.
16. Mr. Ram owns house property. Its annual letting value is Rs. 80,000. During the previous year it was let-out to a tenant on a monthly rent of Rs. 7,000. He claimed the following expenses actually incurred by him :
 - a) Municipal taxes Rs. 8,000.
 - b) Expenses for the recovery of rent of Rs. 600.
 - c) Maintenance Allowance paid to the step-mother Rs.12,000 annually which was a charge on the property according to his father's will. The house remained vacant for one month during the previous year. Find out the income from house property for the Assessment Year 2019-20.

17. What is 'aggregation of income'? Explain the contexts of aggregation of incomes.
18. Mr. Seetharam Shetty furnishes the following information in respect of Donations made by him by cheques except donation under (8) in the previous year ending 31st March, 2019 :

Rs.

- | | |
|---|--------|
| 1. Donation to National Defence fund | 4,000 |
| 2. Donation to Africa (Public Contribution) Fund | 3,000 |
| 3. Donation to Rajiv Gandhi Foundation | 2,000 |
| 4. Donation to Prime Minister's National Relief Fund | 5,000 |
| 5. Donation to approved Charitable Institution | 10,000 |
| 6. Donation to Mangalore University | 5,000 |
| 7. Donation to poor boy for higher education | 500 |
| 8. Donated books worth Rs. 300 to a local recognised school | |
| 9. Donation for the construction of a guest house for a particular religious community | 1,000 |
| 10. Donation to a political party in cash 500. His Gross Total Income is Rs. 1,46,500 which includes dividends from Indian company amounting Rs. 9,500. Calculate deductions allowable under section 80G. | |

19. The total non-agricultural income of Mr. Joseph, aged 40 is Rs. 15,00,000. The agricultural income earned is Rs. 75,000. Life Insurance Premium paid qualifying for deduction u/s. 80 C is Rs. 10,000. Determine the tax payable by Mr. Joseph for the AY 2019-20.
20. An individual has submitted the following particulars for the assessment year 2019-20 :

Rs.

- | | |
|--|----------|
| (i) Income from Salary | 95,000 |
| (ii) Income from House Property (Computed) | 44,000 |
| (iii) Income from Business | 4,20,000 |
| (iv) Long-term Capital Gains | 20,000 |
| (v) Income from Lottery and Bettings | 69,000 |
| (vi) Agriculture Income | 15,000 |
- Compute tax liability.

(5 x 5 = 25)

Section C

Answer any 3 (10 marks each)

21. Shri Pramod Behari is employed in a firm at Mumbai in the grade of Rs. 4,400-100-5,400 since 1st January, 2015. He gets Rs. 5,000 p.m. dearness allowance and Rs. 15,000 as medical allowance. He has been provided with a furnished accommodation by the employer owned by it of the estimated rental value of Rs. 2,000 p.m. Furniture costing Rs. 13,000 has also been provided by the employer. He has been given a small car, which is used by him for his personal purpose also. The driver's remuneration and all the expenses relating to the car are borne by the employer. He has been provided with the facility of a gardener, a watchman and a servant who are paid by the employer @ Rs.200 p.m., Rs.1,000 p.m. and Rs.600 p.m. respectively. He contributes 15% of his pay and dearness allowance to the Recognised Provident Fund towards which the employer contributes Rs. 1,200 p.m. Interest amounting to Rs. 1,980 has been credited on the balance of Rs. 22,000 standing to the credit of his Provident Fund Account. Assuming that the salary becomes due on the first day of the next month, determine his salary income for the assessment year 2019-20.

22. Shri Mahesh had two houses. The first house was occupied by himself for residence. He purchased this house in 1980 for Rs. 56,000. Its fair market value on 1st April 2001, was Rs 70,000. Mahesh spent Rs 5,000 on its improvement on 10.9.2018 and sold it on 30th November, 2018 for Rs 16,00,000. He purchased another house for his residence on 25th February, 2019 for Rs 8,00,000. He had purchased the second house for Rs 2,25,000 in 2008-09 and had let out for residential purpose. He sold this house on 15th June, 2018 for Rs 16,50,000.

He had purchased some jewellery in 2008-09 for Rs 75,000. On 22nd February, 2019 he sold this jewellery for Rs 7,00,000 and purchased on 15th March, 2019 new jewellery of Rs 75,000. You have to determine the taxable capital gains of Shri Mahesh for the Assessment Year 2019-20.

The cost inflation indices are: 2001-02—100; 2008-09 (137); 2018-19 (280).

23. Mr. Ved Prakash is reader in a college, run by a society, on a monthly salary of Rs. 14,000. Besides salary he also gets 43% of salary as dearness allowance, Rs. 800 p.m. entertainment allowance and Rs. 400 p.m. as proctor's allowance. During the year he gets Rs. 250 p.m. as additional DA. He contributes 10% of his salary to Provident Fund. The college contributes an equal amount. Interest credited to his provident fund @ 12% amounted to Rs. 10,000. Three children of Mr. Ved Prakash are studying in an institution run by the society, which runs the college for which he paid nothing. Normally expenditure in an institution of that standard comes to Rs. 1,500 p.m. for one student. Mr. Ved Prakash is provided with a rent-free accommodation in a city (population 13 lakh) which is owned by the college. Its fair rental value is Rs. 2,500 p.m. A gardener for the up keep of the garden on the back side of the house is also provided. The salary of gardener amounting to Rs. 200 p.m. is also paid by the college. During the year Mr. Ved Prakash proceeded on two months leave with full pay to his home at Jaipur. The college paid Rs. 4,500 being the air fare to and from Jaipur for him and his wife for this purpose.

Compute the taxable salaries income of Mr. Ved Prakash for the year ending on 31st March, 2019.

24. Mr. Dev is an employee of a private limited company in Delhi. The following details of his income during the financial year ended 31.3.2019 are available.

- a. Basic salary at Rs. 15,000 per month.
- b. Dearness Allowance (ad hoc) Rs. 10,000.
- c. Entertainment allowance Rs. 10,000.
- d. Employer's contribution to the Recognized Provident Fund Rs. 20,000.
- e. His own contribution to the Provident Fund Rs. 20,000.
- f. The company hired a house at Rs. 3,500 per month and allotted to the assessee for his stay, free of rent.
- g. Children's Educational Allowance paid for meeting the cost of higher education of the assessee's two sons Rs. 7,400.
- h. Interest on fixed deposit from a nationalized bank earned during the year Rs. 4,000.
- i. During the year he also received income from units of a Mutual Fund Rs. 10,000.
- j. He paid interest on housing loan of own house Rs. 40,000 and the principal amount repaid during the year Rs. 40,000 (loan taken in 1998)
- k. Life insurance premium paid during the year Rs. 10,000
- l. He donated Rs. 1,000 to National Foundation for Communal Harmony. Compute the total income and tax payable by Mr. Dev for the assessment year 2019-20.

25. Mr. James, submits the following information. Compute his Total Income and tax liability.

	Rs.
1 Salary received (per month)	30,000
2 Rent received (per month)	4,000
3 Dividend from Co-operative Society	2,000
4 Interest from a firm (Gross)	8,000
5 Interest on Government Securities	1,000
6 Winning from Lotteries	1,15,000
7 NSC VIII issue purchased during the year	10,000
8 Deposit under Public Provident Fund	31,000
9 Long-term Capital Gain (Building)	2,35,000
10 Short-term Capital Loss	20,000
11 Donation to State Government for promoting Family Planning by cheque	40,000

(10 x 3 = 30)