

Reg. No

Name

17P3623

M. COM DEGREE END SEMESTER EXAMINATION- OCTOBER-NOVEMBER 2017

SEMESTER 3 : COMMERCE

COURSE : 16P3COMT12 ; DIRECT TAXES - LAW AND PRACTICE

(For Regular - 2016 admission)

Time : Three Hours

Max. Marks: 75

Section A

Answer any 10 (2 marks each)

1. What do you mean by Surcharge?
2. How is exemption given on gratuity u/s 10(10) ?
3. How is 'Encashment of Earned Leave' exempt ?
4. What is reverse mortgage scheme?
5. What is casual income?
6. How is short term capital gains computed?
7. List any four fully taxable allowances.
8. Explain the provisions relating to interest on loan in computing income from house property.
9. What do you mean by cross transfers?
10. How deduction is allowed u/s 80P?
11. How is Residential status of H.U.F. determined ?
12. What is Impartible Estate? How is the income from Impartible Estate assessed?

10 x 2 (20)

Section B

Answer any 5 (5 marks each)

13. Explain the term income as per Sec. 2 (24) of the Income Tax Act.
14. Explain the relation between residential status and incidence of tax.
15. Reddy retires from Private Service on 30th April, 2016 and his pension has been fixed at Rs. 6,000 p.m. He gets 1/2 of his pension commuted and gets Rs. 3,00,000. He also received Rs. 1,50,000 as gratuity. He gets his pension commuted during January 2017. In all cases, pension becomes payable on the 1st day of each month. Calculate taxable pension.
16. Briefly explain the exemptions available u/s 54 from capital gains.

17. Income of a family includes the following

1. Mr. Prakash from business Rs.1,50,000
2. Mrs. Prakash from employment Rs 80,000
3. Minor son Rahul from interest on securities (purchased with money received from grandfather as gift) Rs 10,000
4. Minor son Raju from stage shows Rs 60,000
5. Minor daughter Remya Rs 6,000

Determine the total income of Mr. Prakash and family members

18. From the following particulars in respect of Mr. Avinash, find out the qualifying amount u/s 80C:

1. L.I.C. premium on his own life Rs. 22,000
2. Sum assured on the above policy is Rs. 2, 00,000.
3. Contribution to P.P.F. Rs. 10,000.
4. Contribution to U.R.P.F. Rs. 8,000.
5. Subscription to N.S.C. (VIII issue) Rs. 9,000.
6. Accrued interest on N.S.C. Rs. 7,500.
7. Repayment of bank loan for the construction of his own house Rs. 21,000.
8. Investment in infrastructure bonds Rs. 40,000.
9. Amount deposited in Post Office Savings Bank account Rs.5, 800.

19. Shri Vijay Kumar is a 'Karta' of a HUE He furnished the following information about his family income for the year ended 31st March, 2017:

	Rs
(1) Salary received from a member who is serving at some place	3, 20,000
(2) Business income	6, 16,000
(3) Director fees received by Karta from personal efforts	10,000
(4) Gross Annual value of let out property	16,000
(5) Municipal Tax on property paid	1,600
(6) Long-term capital gain	25,000
(7) Dividend from Indian company (Gross)	11,500
(8) Profit share in an AOP	60,000
(9) Donation to a recognized medical institute by cheque	68,000

Compute total income of the family. A member of the family is disabled and the family spends Rs. 28,000 for his treatment. You are also required to calculate the tax payable by the family.

20. From the following informations compute Gross Income Tax for the Assessment Year 2017-18:

	Rs
(i) Gross Salary	4, 75,000
(ii) Interest earned on N.S.C	8,000
(iii) Interest on Savings Bank Deposits	2,000
(iv) Expenses on rehabilitation of handicapped son	10,000
(v) Deposited in R.P.F.	15,000
(vi) L.I.C. Premium	5,000

5 x 5 (25)

Section C

Answer any 3 (10 marks each)

21. Describe the various incomes exempted from tax under the Income Tax Act, 1961.
22. Mr. Ajay sold some of his property during the year 1-4-2016 to 31-3-2017 as under :
- Jewellery costing Rs. 80,000 (which was acquired in June 2014) was sold for Rs. 1, 00,000 in May 2016.
 - House at Kolkata : Let out for residential purposes. It was inherited by him in 1964. Sale Price on 31-10-2016 Rs. 14, 00,000. Fair market value on 1-4-1981 Rs. 1, 00,000. Cost of improvement made during 1989-90 Rs. 25,000. Expenses on transfer are Rs.25, 000.
 - Household Furniture costing Rs. 14,000 in 1999 was sold in March 2017 for Rs. 26,000.
 - Car was sold on 1-12-2016 for Rs. 45,000, its written down value on 1-4-2016 was Rs. 38,000.
 - Self-cultivated land was compulsorily acquired under a law for Rs. 8, 00,000 on 1-1-2017 and its cost in 1982-83 was Rs. 65,400.

Compute his total capital gain. Cost inflation indices are 1981-82—100, 1982-83—109, 1989-90—172 and 2016-17—1125.

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, 2017.

24. Pritam occupies two flats for his own residence, particulars of which are as follows:

	<i>Flat I</i>	<i>Flat II</i>
	Rs	Rs
Municipal valuation	90,000	45,000
Fair rent	1,20,000	40,000
Standard rent	80,000	N.A
Municipal Taxes paid	10%	10%
Fire Insurance Premium	1,000	600
Interest on loan (taken after 31.3.1999)	40,000	Nil

Income of Pritam from business is Rs.8, 50,000. You are informed that Pritam could not occupy flat II for 2 months, attained age of 65 years on 30.3.2017 and deposited Rs. 70,000 towards Public Provident Fund. Determine the taxable income and tax liability for the assessment year 2017-18.

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

3 x 10 (30)