

B.COM. DEGREE END SEMESTER EXAMINATION - OCTOBER 2019**SEMESTER –5: COMMERCE (OPTIONAL COURSE FOR FINANCE AND TAXATION)****COURSE: 15U50PCFT3: INCOME TAX LAW AND PRACTICE**

(Common for Regular 2017 Admission & Improvement 2016/ Supplementary 2016 /2015 Admissions)

Time: Three Hours

Max. Marks:

75

SECTION A

Answer all questions. Each question carries 2 marks.

1. What is previous year?
2. Who is a non resident individual?
3. Define 'perquisites'
4. Define 'annual value'
5. What is Profession?
6. What do you mean by 'block of assets'?
7. Define 'Capital asset'
8. What is Long Term Capital Gain?
9. Define 'Transfer'
10. What are Long Term Specified Assets Under section 54EC? (2 × 10 = 20)

SECTION B

Answer any five questions. Each question carries 5 marks.

11. When a house is deemed to be let out?
12. Briefly explain the Section 35D
13. Following are the particulars of taxable income of Shri Hari Narayanan Arora for the previous year ended 31st March, 2018:
 - (i) Royalty received from Govt. of India Rs.24000
 - (ii) Income from business earned in Afghanistan Rs.25000 of which Rs.15000 were received in India. Business is controlled from India.
 - (iii) Interest received outside India from Shri. Aditya Kumar a non-resident against a loan provided to him run a business in India Rs.5000.
 - (iii) Royalty received outside India from Shri Al-Afnan a resident for technical services provided to run a business outside India Rs.20000.
 - (iv) Income from business in Jaipur Rs.40000 this business is controlled from France. Rs.20000 were remitted to France.Find out gross total income of shri. Hari Narayan Arora for the assessment year 2018 - 2019. if he is:
 - (a) Ordinarily resident of India
 - (b) Not Ordinarily resident of India and
 - (c) Non resident of India for the previous year.

14. Ram borrowed Rs. 100000 on 1.5.2017 from his employer to purchase a car. He started repayment of loan *w.e.f* 1.6.2017 @ Rs.1000 p.m. In the following circumstances determine the taxable amount of interest for the assessment year 2018-2019:
- The employer does not charge any interest on loan;
 - The employer charges interest @ 5% on maximum outstanding monthly balance.
- Suppose the rate of interest on car loan charged by the State Bank Of India is 10% p.a.
15. Mr. A provides the following data regarding his transaction for the sale of his residential house for the Assessment Year 2018-19. Compute the amount of capital gain to be included in the Total Income for the Assessment Year 2018-19 :
- | | |
|---------------------------------------------------------|-----------|
| House purchased in 2001-02 | 4,50,000 |
| Sold in November 2017. | 42,00,000 |
| Purchased another residential house in Sept.2017 | 16,00,000 |
| Invented in bond of NHA of India u/s 54EC in Jan. 2018. | 10,00,000 |
- The Cost inflation index in 2001-02 was 100 and for 2017-18 it was 272.
16. Ram took a loan of Rs.16 Lakh @ 10% p.a on 1.7.2015 for constructing a house. The construction of the house was completed in the previous year 2017-2018. Compute for the Assessment Year 2018-2019 the amount of interest deductible in computing the income from house property if the house is (i) Let-out, (ii) self-occupied.
17. What are the exceptions to general rule of previous year? (5 x 5 = 25)

SECTION C

Answer any three questions. Each question carries 10 marks.

18. X, an employee of a firm, furnished the undernoted particulars of his income for the year ended 31st march,2018:
- | | Rs. |
|--------------------------------------------------------------------------------------------|--------|
| i. Basic Salary | 144000 |
| ii. Dearness Allowance | 28800 |
| iii. Owner contribution to recognised provident fund calculated on the salary | 20160 |
| iv. Employers' contribution to the said fund | 20160 |
| v. Interest on balance in recognised provident fund
(not exceeding the prescribed rate) | 14000 |
| vi. Bonus | 12000 |
- vii. He was provided with a small car for which the employer paid all the running and maintenance cost. The car was used for personal as well as office purposes.
- viii. X was also provided with rent-free accommodation at Kolkata for which the employer paid a rent of Rs.1250 per month. X was allowed the use of one refrigerator and an air-conditioner costing Rs.8000 and Rs.12000 respectively while their written-down values on 1.4.2017 were Rs.4500 and Rs.7000 respectively.
- ix. Life insurance premium of Rs.12000 was paid by X's employer on an insurance policy for Rs.240000 on X's life.
- Compute X's taxable salary for the Assessment Year 2018-2019.

19. From the Following information compute depreciation allowance allowable to XY & Co., a Chartered Accountants concern, For the Assessment Year 2018-19 :

Assets.	Rate of Dep.	W.D.V on 1.4.2017
1. Computers.	40	140000
2. Typewriters	15	30000
3. Furniture & Fittings	10	100000
4. Office Building.	10	500000
5. Staff quarters--- Area not exceeding 80 sq. Metre.		1500000
6. Purchased a new computer during the P.Y Rs. 60000		
7. Sold old office building for Rs. 1500000 and purchased a new office building for Rs 4000000 in December 2017		
8. Purchased books (annual publications) for professional purposes Rs.40000 @ 40 % Rate of Dep.		

20. The following is the profit and loss account of Sri S. Kumar for the year ending 31st March 2018:

Rent	3870	Gross profit b/d	55048
Staff salaries	8620	Misc. receipts	383
General charges	3780	Discounts	458
Interest on capital	1800	Interest on Govt. Security	2400
Audit fee	1050	Bad debts recovered	560
Bad debts	840	Profit on sale of machineries	5765
Reserve for bad debts	600		
Income tax	2400		
Law charges	3700		
Compensation to a retrenched employee	2800		
Cost of extension of office premises	2000		
Charity and donation	184		
Depreciation	5700		
Entertainment Exp.	12600		
Net profit	14670		
	64614		64614

Compute Mr. Kumar's income from business for the related assessment year after taking into account the following:

- (a) The expenditure of rent includes a sum of Rs. 720 being rent charged for a godown owned by the assessee himself.

- (b) Staff salary includes Rs. 1200 being the salary of a servant engaged at the residence of the assessee.
 - (c) The general expenses include a sum of Rs. 500 being advertisement exp.
 - (d) Law charges include a payment of Rs. 2300 being stamp and registration fees and solicitor's bill for the deed of purchase of property.
 - (e) Depreciation on fixed assets chargeable as per income tax rules amount to Rs. 6780
 - (f) Bad Debts recovered includes an item of Rs. 200, the claim for which was disallowed in the related year of assessment.
 - (g) The profit on sale of machineries relate to a machine purchased in Dec.2015 for Rs. 15000. Its written down value on 1.4.2017 was Rs. 10935 and the same was sold during the year for Rs. 16700.
21. Explain any ten incomes which are exempt from tax.
22. Explain the capital gains which are exempt from tax. (10 x 3 =30)
