

Reg. No

Name

18P3623

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

Time : Three Hours

Max. Marks: 75

Section A
Answer any 10 (2 marks each)

1. Distinguish between capital losses and revenue losses with examples.
2. How is 'Encashment of Earned Leave' exempt ?
3. How is payment on 'VRS' taxed ?
4. What is reverse mortgage scheme?
5. How is 'Encashment of Earned Leave' exempt ?
6. How is unrealised rent treated for tax purposes ?
7. How is self occupied house valued ?
8. What is Presumptive taxation?
9. What do you mean by cross transfers?
10. How deduction is allowed u/s 80QQB?
11. How is Residential status of H.U.F. determined ?
12. What is Impartible Estate? How is the income from Impartible Estate assessed?

(2 x 10 = 20)

Section B
Answer any 5 (5 marks each)

13. Explain how the retirement benefits of employees are exempt from tax under Sec. 10.
14. Mr. Alwin is employed as an engine Driver in Indian Railways. He is getting Rs. 15,000 p.m. as basic pay, Rs. 2,500 p.m. as DP and Rs. 2,500 p.m. as DA.
 During the year 2017-18, he received the allowances also :-
 (a) Rs. 16,500 as running allowance.
 (b) Rs. 200 p.m. per child as education allowance for his two children.
 (c) One of his sons is staying in a hostel in which Alwin is spending Rs. 800 p.m. He is getting Rs. 500 p.m. for his son as hostel allowance for meeting this expenditure.
 (d) Rs. 250 p.m. as CCA
 (e) Rs. 400 p.m. as uniform allowance fully spent for employment purpose.
 (f) Rs. 2,500 p.m. as HRA. He pays RS. 3,000 p.m. as rent to house owner.
 Compute his taxable salary for the AY 2018-19
15. From the following particulars submitted by Shri Ram Kumar, compute his income from other sources for the Assessment Year 2018-19 :

1. As Director of X Co. Ltd. he received Rs.12,000 p.m. as salary and Rs.1,200 p.m. as entertainment allowance. The company provides him a car for both official and personal use. The personal use is estimated to be 50%. The company incurs an expenditure of Rs. 16,000 on running and maintenance of the car (for both official and personal use) and depreciation of the car may be taken at Rs.14, 000.
 2. He was also a director in another company from which he received Rs. 13,000 as director's fees.
 3. Interest received on deposits with a Co-operative Bank Ltd. Rs. 2,000.
 4. Dividends received from a foreign company Rs. 6,000.
 5. Received winnings from lottery Rs. 24,500.
 6. Income from agriculture in England Rs.78, 000.
 7. Honorarium for delivering lectures in a registered society Rs. 1,200.
16. The following incomes were received by Mr. A during the financial year 2017-18 :
- | | Rs. |
|---|--------|
| Director's Fees | 6,000 |
| Income from Agricultural land (in Pakistan) | 40,000 |
| Interest from Post-office Savings Bank A/c | 1,500 |
| Interest on Fixed Deposit in SBI | 1,800 |
| Winning from lottery (Net) | 35,000 |
| Crossword Puzzles | 2,500 |
| Royalty on Books | 20,000 |
| (Expenses in this connection Rs 4,000) | |
- Compute his income from other sources.
17. What is 'aggregation of income'? Explain the contexts of aggregation of incomes.
 18. How is deduction allowed for donation u/s 80 G ?
 19. What are the differences between a Hindu Undivided Family and a Firm?
 20. Which are the rules relevant for the assessment of a Hindu Undivided Family?

(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 Kishore (an employee of HUF) furnishes the following Particular of his income for the financial year 2017-18:
 Net basic salary ₹ 2,70,000 after deducting contribution to R.P.F. ₹ 30,000; employer contribution to R.P.F. ₹ 30,000; interest on PF account balance @9.5%p.a. ₹ 28,500; travelling allowance for tour ₹ 2,400; city compensatory allowance ₹ 10,000; bonus ₹ 15,000 entertainment allowance ₹.5,000.
 Unfurnished house at Dharwar for which the employee pays ₹ 7500 p.m. as rent, but deducts only ₹ 600p.m. from his salary.
 Free gas and electricity provided by the employer at a cost of ₹ 500p.m. the employer has provided a small car for official and private purposes. Expenses for private purposes are met by Kishore. Compute his taxable salary for the A.Y. 2018-19
23. Following are the particulars of income of Mr. X, who is employed in a textile mill company at Jaipur, for the previous year ended 31st March, 2018 :
 Salary Rs. 96,000; his own and employer's contribution to recognised provident fund @ 14.5% Rs. 13,920 each; interest on provident fund account balance @ 9.5% p.a. Rs. 5,000. He is getting entertainment allowance @ Rs. 3,000 p.m. He is also provided with a house of the fair rental

alue of Rs. 1,500 per month at Rs.500 per month as rent. He is provided with the facility of free use of light and water for which the employer paid Rs. 7,000 during the previous year. He was given by his employer cloth cost Rs. 2,000 at concessional price of Rs. 1,000. He was also given an old scooter on 10.8.2017 of the company for Rs. 1,000. The Company purchased it on 15.7.2013 for Rs.30, 000. The employer provided him travel concession of Rs. 4,000 June, 2017 for his travel to Srinagar (Kashmir) during leave (the value of concession to his home district would have been Rs. 1,500 only). Before this he had been allowed travel concession during 2013. At Srinagar he stayed in the Holiday Home maintained by the company. The value of this facility is Rs. 4,000.

Compute the taxable salary of Mr. X for the Assessment Year 2018-19.

24. Mr. Dev is an employee of a private limited company in Delhi. The following details of his income during the financial year ended 31.3.2018 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.
 - a. 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
 - ax. 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 2018-19

25. Mr. Hassan is a Government employee working in Ernakulam. He gives the following details.
- a. Salary Rs. 20,000 per month.
 - b. Leave surrendered Rs.24,000
 - c. Entertainment allowance for 8 months Rs. 8,000
 - d. Life insurance premium deducted from salary Rs. 1,000
 - e. House rent allowance Rs. 1,000 per month
 - f. He has been provided a small car for his official use. Running expenses of the car paid by the Government amounted to Rs. 5,000 per month, including driver's salary.
 - g. Interest on savings account with a cooperative bank Rs.4,000
 - h. Interest on National Plan Certificates Rs.2,000
 - a. He has a house which has been occupied by his brother-in-law free of rent. The annual letting value of the house according to municipal valuation is Rs.40, 000 He paid municipal taxes Rs. 1,000 and professional tax Rs. 3,000 during the year.
 - j. Life insurance premium paid by Mr. Hassan for wife Rs.3,000
 - k. During the year he received Rs.45,000 interest on debentures of a company (not listed)

Compute the total income of Mr. Hassan for the assessment year 2018-19.

(10 x 3 = 30)