

END OF SEMESTER EXAMINATIONS, APRIL/MAY - 2018
INCOME TAX LAW & PRACTICE
SUBJECT CODE: 15UACO17/15UEPA01

MAJOR : B.Com. / B.Com. PA
TIME : 3 HOURS

23

SEMESTER : V
MAX. MARKS: 75

SECTION - A (10 X 1 = 10)**Answer All Questions:**

- Who is responsible for levy and collection of tax in India?
- Who is an assessee?
- Mention deduction u/s 16.
- What do you mean by perquisite?
- Income from sub letting is taxable under which head of income?
- What is meant by profession?
- Define capital asset.
- What is the standard deduction for family pension?
- What is the exempted limit of income for a senior citizen?
- What is e-filing?

SECTION - B (5 X 4 = 20)**Answer Any FIVE Questions:**

- Define Income. What are the features of Income?
- Mr. John, a foreign national came to India for the first time on June 15, 2011. During the financial years 2011-12, 2012-13, 2013-14, 2014-15, 2015-16, 2016-17, he stays in India for 120 days, 115 days, 15 days, 191 days, 124 days and 80 days respectively. Determine his residential status for the assessment year 2017-2018.
- Mr. A.B. Sen has furnished the following particulars:
i) Salary @Rs.10,000 p.m. ii) Dearness allowance @Rs.500 p.m. (It enters into pay for retirement benefits).
iii) Entertainment allowance @Rs.600 p.m. iv) Bonus Rs.8,400 v) Cost of furnishing Rs.20,000.
Calculate the value of rent free house if:
Case 1: Mr. A.B. Sen is Govt. employee and rent of house fixed by govt. is Rs.300 p.m.
Case 2: Mr. A.B. Sen is working in a private sector at Chandigarh (population below 10 lakhs) and fair Rental Value of the house hired by employer is Rs.3,000 p.m. He is also provided with hired refrigerator whose hire charges of Rs.600 p.m. are paid by employer.

- What is the tax treatment of capital expenditure on scientific research?
- Calculate gross annual value from the following:

Particulars	House - 1	House - 2	House - 3	House - 4
MRV	60,000	48,000	36,000	96,000
FRV	75,000	60,000	45,000	1,16,000
Standard Rent	Not Applicable	72,000	42,000	1,15,000
Actual Rent	69,000	54,000	40,000	1,20,000

- Find out the indexed cost and capital gain in following cases:
i) Bonds purchased on 1.11.1996 [C.I.I = 305] for Rs.2,60,000 were sold on 1.1.2017 [C.I.I = 1125] for Rs.4,00,000.
ii) Cost of acquisition of house at Delhi in 1976-77 Rs.1,00,000
Cost of improvement made in 1979-80 Rs.50,000
Fair market value on 1.4.1981 [C.I.I = 100] Rs.1,60,000
Cost of additions made in 1988-89 [C.I.I = 161] Rs.1,20,000
Sale price on the house on 1.11.2016 [C.I.I = 1125] Rs.28,60,000
Expenses on sale Rs.60,000
- What are the incomes of other persons to be included in assessing the total income of an Individual?
- Mr. Soni whose gross total income is Rs.40,000 makes the following donations during the previous year ending on 31.03.2017:
i) To prime ministers national relief fund 1,00,000
ii) To national defense fund 2,00,000
iii) To a temple of public worship for its repair (so notified) 2,00,000
iv) To a local college for construction of commerce block 1,00,000
v) To a poor student as aid 10,000
vi) To municipal corporation 1,00,000
vii) To P.G.I Chandigarh for promotion of family planning 50,000
viii) To Chief Ministers Earthquake Relief fund Maharashtra 20,000
The gross total income includes Rs.10,00,000 as profit on sale of long term capital assets. Compute his total income for the assessment year 2017-18.

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SECTION - C (3 X 15 = 45)**Answer Any THREE Questions:**

19. The following are the incomes of Shree Deepak for the previous year 2016-17:
- Dividend from Indian Company Rs.10,000
 - Profit from business in Japan received in India Rs.1,20,000
 - Profit from business in Pakistan deposited in a bank there. This business is controlled from India Rs.2,00,000
 - Profit from business in Indore (Controlled by London Head Office) Rs.1,10,000
 - Interest received from non-resident Mr.Abdul, on the loan provided to him for a business carried on in India Rs.50,000
 - Income was earned in America and received there, but brought in India Rs.80,000
 - Share of income from Indian partnership firm Rs.1,50,000
 - Income from house property in India received in America (Computed) Rs.62,000
 - Interest on debentures of an Indian company received in Dubai Rs.25,000
 - Capital Gain on sale of agricultural land situated in Ajmer Rs.48,000
- Compute his taxable income, if he is a) Resident b) Not-ordinarily Resident c) Non-Resident

20. Explain in detail exempted perquisites provided by employer to employees in India.

21. From the following P&L A/c of a Sri Metals, calculate income under the head profit and gains of business:

To Salary to employee	Rs. 95,000	By Gross profit	Rs. 3,80,000
To Advertisement (cash)	" 24,000	By Interest on securities	" 14,000
To General expenses	" 16,000	By Income from house property	" 25,000
To Entertainment expenses	" 22,000	By Bad debts recovered allowed earlier	" 12,000
To Bad Debts	" 1,500		
To Drawings by proprietors	" 24,000		
To Sales Tax (due & paid on 1.07.16)	" 6,000		
To Interest on proprietor's Capital	" 7,000		
To Repairs	" 2,500		
To Legal expenses	" 5,000		
To Rent	" 21,000		
To Depreciation	" 15,000		
To Bonus (due)	" 6,000		
To Bonus to proprietor	" 4,000		
To Car purchased	" 72,000		
To Expenses on Car	" 12,000		
To Donation	" 2,000		
To Provision for bad debts	" 6,000		
To Net profit	" 90,000		
	4,31,000		4,31,000

From the examination of books of account, the following other information's are available:

- Advertisement expenses were spent on insertions in News papers.
 - Rs.3,000 were spent on purchase of land and are included in legal expenses
 - Half of the repairs expenses relate to let out building
 - Dep. Allowance on all assets including car is Rs.14,400
 - Bonus was paid to employees on 30.6.17 and date of filing of return is 31.7.2017
22. Ms.Lakshmi has the following investment and incomes in the previous year ended 31.03.2015. Calculate her income from other sources.
- Dividend from an Indian company Rs.7,800.
 - Examinership remuneration Rs.2,000.
 - Royalty by the publication of a book Rs.48,000.
 - Winning from lottery (Net Received on 1.03.2017) Rs.35,000.
 - Rs.40,000 10% Debentures of company (Unlisted)
 - 40,000 12% Punjab Govt. securities.
 - Rs.50,000 13% less tax commercial securities (Unlisted)
 - Rs.40,000 10% tax free debentures of a company (Unlisted).
 - Rs.5,400 as interest on tax free debentures (listed). (Received on 01.03.17).

In October 2016, she sold the above Rs.40,000, 10% (tax free) debentures of a company for Rs.45,000. In December 2016 she inherited Rs.63,000, 10% Tax free debentures (listed) of XY Co. Ltd. from her father. Interest on above securities falls due on December 31st of every year.

She claims the following deductions:

- Collection charges for interest and dividend @2% of net amount realized.
- Purchase of lottery tickets Rs.2000

23. Explain deduction U/S 80 C.
