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Reg.No.

S.No. 387

BATCH: 2003 to 2012,2015

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**END OF SEMESTER EXAMINATIONS, NOVEMBER - 2017**  
**INCOME TAX LAW AND PRACTICE /**  
**SKILL BASED PAPER: INCOME TAX LAW AND PRACTICE**  
**SUBJECT CODE: 15UACO17 / 15UEPA01**

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

SEMESTER: V  
MAX.MARKS: 75

**SECTION A – ( 10 X 1 = 10 )**

**Answer ALL the Questions:**

1. Define Tax.
2. What do you mean by Gross Total Income?
3. Salary received from a person other than an employer is taxable under which head of income?
4. What do you mean by allowances?
5. What is Fair Rental Value?
6. Define Business?
7. What is short term capital asset?
8. What is interest?
9. Who can claim deduction u/s 80D?
10. Who is a super senior citizen?

**SECTION B – ( 5 X 4 = 20 )**

**Answer any FIVE Questions:**

11. Write a note on:
  - i) Person
  - ii) Assessee
  - iii) Assessment year and
  - iv) Previous year under the Income Tax Act, 1961.
12. Mr. Singh, an Indian citizen, went to U.S.A. on 10<sup>th</sup> October 2008 and returned after two years stay from there. Again on 10<sup>th</sup> October 2012 he went to Iran but returned on 10<sup>th</sup> May 2016. He made another attempt to go Abroad and finally succeeded to go to Canada. He left Delhi for Canada on 10<sup>th</sup> February 2017. Find out his residential status for the assessment years 2016-2017 and 2017-2018.
13. Compute the gross salary from information given below for each situation separately:
 

i) Salary @ Rs.3,500 p.m.	ii) D.A @ Rs.1,000 p.m.
iii) CCA @ Rs.200 p.m.	iv) HRA @ Rs.1,000 p.m.

 v) Commission on turnover achieved by him is Rs.6,000.  
 Situation: a) Living in own house  
 b) Living in rented house at Delhi as D.A enters into pay for retirement benefits and rent paid is Rs.1,500 p.m.  
 c) Living in rented house at Chandigarh as Dearness Allowance does not enter into pay for retirement benefits and rent paid is Rs.1,000 p.m.

14. Calculate Gross annual value from the following:

Particulars	House - A	House - B
MRV	80,000	80,000
FRV	1,00,000	1,00,000
Standard Rent	70,000	1,20,000
Actual rent	1,20,000	90,000

It is assumed that both the houses were let out throughout the year and there was also no unrealized rent.

15. What are the expenses which are expressly disallowed in the computation of profit or gain from business or profession?
16. Find out the inflated cost in following cases (separately for each case) for the assessment year 2017-2018.
  - i) Cost of plot acquired in 1986-87 for Rs.80,000
  - ii) Cost of house purchased in 1979-80 for Rs.90,000. Fair Market Value on 01.04.81 being Rs.1,50,000
  - iii) Cost of house purchased in 1976-77 for Rs.2,00,000 but F.M.V on 01.04.81 was Rs.4,00,000.
 (C.I.I for 1981-82=100, for 1986-87=140,1988-89=161 and for 2016-17=1125)

17. Write short note on E-filing.

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18. Mr. R paid the following insurance premium during the previous year 2016-17. Compute the amount of deduction admissible u/s 80D:
- Life Insurance premium on own life Rs.6,000 p.a.
  - Premium paid by cheque to General Insurance Corporation to ensure the health of wife and children Rs.20,000 p.a.
  - Premium paid by cheque under mediclaim to ensure the health of dependent mother (a) Rs.10,000 p.a.
  - Premium paid to G.I.C under mediclaim in cash to ensure own health Rs.3,000 p.a.
  - He paid by cheque to G.I.C under mediclaim policy of his father who is 70 years old. Rs.18,000.
  - He spent Rs.4,000 on the medical checkup of his father.

**SECTION C – ( 3 X 15 = 45 )**

**Answer any THREE Questions:**

19. Explain any Ten exempted incomes U/S 10.
20. From the following, Calculate income from salary of Mr. X working in a Private Company Ranchi (Population 15 lakhs) for the Assessment year 2017-2018.
- Basic salary Rs.12,000 p.m.
  - Profit Bonus Rs.12,000
  - Commission on Turnover achieved by in Rs.42,000
  - Entertainment allowance Rs.2,000 p.m.
  - Club Facility Rs.6,000
  - Transport allowance Rs.1,800 p.m
  - Free use of car of more than 1.6lit. capacity for both personal and employment purposes. Expenses are met by employer.
  - Rent free accommodation provided by employer. Lease rent paid by employer Rs.6,000p.m.
  - Free Education Facility for three children of the employee (Bills issued in the name of the employer) Rs.22,500.
  - Gas, water, electricity bills issued in the name of the employee but paid by employer Rs. 16,800.
- Compute income under the head salary for the Assessment year 2017-2018.
21. From the following statement, compute the income from profession of Dr. S.K. Kapoor if accounts are maintained on mercantile system:

Particulars	Rs.	Particulars	Rs.
To dispensary Rent	36,000	By visiting fees	45,000
To Electricity & Water charges	6,000	By consultation fees	1,25,000
To Telephone expenses	6,000	By sale of medicines	72,000
To salary to nurse & compouder	36,000	By dividends	5,000
To depreciation on surgical instruments	6,000		
To purchase of medicines	36,000		
To depreciation on X – ray machine	4,000		
To income tax	5,500		
To donation to Rama Krishna Mission	4,000		
To motor car expenses	9,600		
To depreciation on car	4,800		
To net income	93,100		
	2,47,000		2,47,000

- Notes:
- Electricity & water charges include domestic bill of Rs.2,500
  - Half of motor car expenses are for professional use.
  - Telephone expenses include 40% for personal use.
  - Opening stock of medicines was Rs.6,000 and closing stock was Rs.4,000.

22. Explain specified incomes U/S 56(2) which are taxable under the head Income from other sources.
23. Compute the tax liability in following cases separately for the assessment year 2017-2018:

Total Income	An Individual Mr. X	Senior Citizen Mr. Y	Super Senior Citizen Mr. Z
Case A	2,46,363	2,96,904	4,86,363
Case B	5,65,403	5,65,403	5,65,403
Case C	10,15,309	10,15,309	10,15,309