

END OF SEMESTER EXAMINATIONS, APRIL/MAY - 2018  
INCOME TAX LAW AND PRACTICE  
SUBJECT CODE: 12UACC17

MAJOR : B.COM (CA)  
TIME : 3 HOURS

14

SEMESTER : VI  
MAX. MARKS : 75

**SECTION - A ( 10 X 1 = 10 )**

**Answer ALL questions:**

1. Define Agricultural Income.
2. Who is a person under the Income Tax Act 1961?
3. What is meant by gratuity?
4. Write any two exempted house property income under Income Tax Act 1961?
5. Write any two expenses which are expressly disallowed?
6. What is short term capital gain?
7. What is family pension?
8. What is the maximum qualifying amount of Deduction u/s 80C?
9. What is rate of education Cess for calculation of tax liability of an individual?
10. What is rebate u/s 87A?

**SECTION - B ( 5 X 4 = 20 )**

**Answer any FIVE questions:**

11. Define the following
  - (i) Previous Year and
  - (ii) Assessment Year
12. What is the residential status of an individual who came to India for the first time in 2005-2006 and who was in India as follows
 

Previous years	Presence in India
2016 - 2017	185 days
2015 - 2016	15 days
2014 - 2015	260 days

Find out his residential status in the assessment year 2016-2017 2017-18
13. From the following particulars of Mr.M, Calculate his salary income for the assessment year ~~2016-2017~~ 2017-18
  - a) Basic pay Rs.4,500 P.M
  - b) Dearness allowance Rs.3,000 P.M (enters into pay for service benefits)
  - c) House Rent Allowance Rs.1,800 P.M (Actual rent paid Rs.2,100 P.M)
  - d) Own contribution to R.P.F ----- 12% of salary
  - e) Employer's contribution to R.P.F ----- 15% of salary
14. From the figures given below calculate the Expected Rental Value (ERV) in each case separately:
 

Rent Value	Case A	Case B
MRV	RS.30,000	Rs.30,000
FRV	Rs.36,000	Rs.36,000
Standard Rent	N.A.	Rs.33,000
15. Explain the provisions relating to computation of business profit.
16. Find out the Cost of Inflation Index in following cases (separately for each case) for the Assessment Year 2017-2018
  - a) Cost of plot acquired in 1986-87 for Rs.80,000
  - b) Cost of house purchased in 1979-80 for Rs.90,000  
(Fair market value on 1-4-81 being Rs.1,50,000)
  - c) Cost of house purchased in 1976-77 for Rs.2,00,000  
(F.M.V on 1.04.81 RS.4,00,000)  
(CII for 1981-82=100, for 1986-87=140, for 2016-17=1125)
17. Mr. G. Bedi owns horses at Bombay and Bangalore. These horses run for races at the race course. During the year Mr. Bedi submits the following information: Calculate Income from other sources
 

	Rs.
i) Expenses on race horses at Bombay	2,60,000
ii) Expenses on race horses at Bangalore	4,30,000
iii) Stake money earned by horses at:	
a) Bombay	1,20,000
b) Bangalore	5,00,000
18. Explain the Slab rate of an Individual for the Previous Year 2016-17 under the Income Tax Act.1961.

**SECTION - C ( 3 X 15 = 45)****Answer any THREE questions:**

19. How to determine the residential Status of an Individual ? Explain.  
 20. Mr. M is a production manager of an industrial of an industrial unit at Chennai. The particulars of his salary income are as under.

	Rs.
Basic salary	15,000 p.m
Dearness allowance (given under the terms of employment)	5,000 p.m
Entertainment allowance	Rs. 1,000 p.m
Medical allowance	" 500 p.m
House rent allowance	" 4,000 p.m
Rent paid for the house	" 5,000 p.m

Car of 1.2 li. Capacity provided by the employer for private and official use  
 He and his employer each contribute 15% of salary to R.P.F

Mr.M had taken interest free loan of Rs.15,000 to purchase refrigerator.

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. Compute his professional income.

To Dispensary rent	Rs. 36,000	By Visiting fees	Rs. 45,000
To Electricity and water charges	" 6,000	By Consultation fees	" 1,25,000
To Telephone expenses	" 6,000	By Sales of medicines	" 72,000
To Salary to nurse and compounder	" 36,000	By Dividends	" 5,000
To Dep. On surgical equipment	" 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 Dep.on car	" 4,800		
To Net income	" 93,100		
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	2,47,000		2,47,000
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- a) Electricity and water charges include domestic bill of Rs.2,500  
 b) Half of motor car expenses are for professional use  
 c) Telephone expenses include 40% for personal use  
 d) Opening stock of medicines was Rs.6,000 and closing stock was Rs.4,000
22. Describe the ten qualifying amount of deductions U/S 80 C.  
 23. Balamurugan furnishes the following information for the year ended 31-03-2017

Particulars	Rs.
Income from salary (computed)	60,000
Income from house property (computed)	15,000
Income from business	1,35,000
Long term capital gain	70,000
Lottery winning (Gross)	5,00,000
Speculation business income	1,00,000

Compute his total income and tax liability for the Assessment year 2017-18.

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