



K18P 0915

Reg. No. :

Name :

Third Semester M.Com. Degree (Reg./Suppl./Imp.) Examination, October 2018
(2014 Admn. Onwards)
COM3C13 : INCOME TAX LAW AND PRACTICE

Time : 3 Hours

Max. Marks : 60

SECTION – A

Answer **any four** questions in this Section. **Each** question carries **1** mark for Part (a), **3** marks for Part (b) and **5** marks for Part (c).

1. a) What is meant by the term "Previous Year" ?
b) Distinguish between capital loss and revenue loss.
c) Mr. Joseph, a foreigner, came to India from Poland for the first time on 1st April 2009. He stayed here continuously for 3 years and went to France on 1st April 2012. He however, returned to India on 1st July 2012 and went to Poland on 1st December 2013. He again came back to India on 25th January 2016 on a service in India. What is his residential status for the Assessment year 2016 – 17 ?
2. a) What is "income deemed to be received in India" ?
b) Define perquisites. State any four perquisites taxable for specified employees only.
c) Mr. Rajesh resides in Kanpur. He gets a basic salary of ₹ 2,00,000 and Dearness pay ₹ 2,00,000 and house rent allowance of ₹ 1,50,000 p.a. He pays a rent of ₹ 1,80,000 p.a. Determine the amount of house rent allowance chargeable to tax.
3. a) State the exempted incomes from House property.
b) Explain how annual value is determined under different circumstances.
c) Mr. Jaydev owns a house property. Its annual letting value is ₹ 80,000. During the previous year it was let out to a tenant on a monthly rent of ₹ 7,000. He claimed the following expenses.
 - i) Municipal taxes paid ₹ 8,000.
 - ii) Expenses for the recovery of rent ₹ 600.

P.T.O.



iii) Maintenance allowance paid to the stepmother ₹ 12,000 annually which was a charge on the property according to his father's Will.

The house remained vacant for one month during the previous year. Find out the income from house property for the assessment year 2016 – 17.

4. a) State any four expenses which are expressly disallowed while computing income from business U/S 40.
- b) What are deemed profits under Section 41 ?
- c) From the following information of Mr. Jayan, compute the capital gains for the assessment year 2016 – 17.
- Cost of acquisition of residential house in 1983 – 84 ₹ 3,48,000.
 - Sale consideration on 1-7-2015 ₹ 39,00,000.
 - Cost of acquisition of new house prior to the date of filing of the IT return ₹ 8,00,000.

The cost of inflation index in 1983 – 84 and in 2015 – 16 was 116 and 1,081 respectively.

5. a) What is meant by "Less tax securities" ?
- b) Explain the term "Bond washing transactions".
- c) Mr. Anand has the following investments for the P.Y. ended 31-3-2016.
- 10% ₹ 30,000 tax free Govt. securities.
 - 10% ₹ 40,000 Karnataka Govt. loan.
 - 10% ₹ 36,000 tax free debentures (listed) of a company.
 - 10% ₹ 20,000 debentures (listed) of a company.
 - ₹ 7,200 received as interest on debentures of a company.

He paid commission to his bank ₹ 500 for collecting the above amounts. Find out his taxable income from interest on securities for the A.Y. 2016 – 17.

6. a) Mention any two capital gains exempted from tax.
- b) Briefly explain the provisions regarding carry forward of losses.
- c) Mr. Jagadish's gross total income for the P.Y. ending on 31 March 2016 is ₹ 40,15,000. He donated the following amounts by cheques.
- Prime Minister's National Relief Fund ₹ 1 lakh.
 - National Children Fund ₹ 2 lakhs.



- iii) ₹ 2 lakhs for repairs of a temple of public worship so notified.
- iv) ₹ 1 lakh to a local college for construction of classrooms.
- v) ₹ 20,000 given as aid to a poor student.
- vi) ₹ 1 lakh to Municipality.
- vii) ₹ 50,000 to U.P. Govt. for family planning.

He deposited ₹ 15,000 in P.P.F. Determine the qualifying amount for deduction U/S 80 G.

(4×9=36)

SECTION – B

Answer **any two** questions in this Section. **Each** question carries **12** marks.

7. a) What is meant by casual income ? Give ten examples of incomes which are totally exempt from income tax.

OR

- b) Dr. Lal retired from Government Service in 2014 and took up a job with a company there after in Delhi. The following are the particulars of his income for the financial year ended 31st March 2016.

	₹
Pension from Government	3,00,000
Salary from Company	3,60,000

Unfurnished rent free bungalow is provided by the company. It was formerly let out at ₹ 6,000 p.m. Half share in a firm ₹ 15,000. Dividends ₹ 8,950 net.

Interest on Government Securities ₹ 2,000.

He had taken a loan of ₹ 25,000 out of which ₹ 12,500 was invested in shares and the balance in Government Securities. Interest is payable on this loan at 12% p.a.

He had purchased a shop in 1980 for a sum of ₹ 50,000. Its market value on 1st April 1981 was ₹ 60,000. It was sold off for ₹ 7,50,400 on 1-11-2015. The cost of inflation indices are 1981-82 – 100; 2015-16 – 1081.

Compute his total income for the A.Y. 2016 – 17.



8. a) What is meant by clubbing of income ? In what circumstances is the income of one person treated as income of another ?

OR

- b) Mr. Menon is Karta of a HUF. He furnished the following information about his family income for the year ending 31st March 2016.

- i) Gross annual value of let out property ₹ 16,000, Municipal taxes paid on the property ₹ 1,600.
- ii) After deducting ₹ 8,720 as income tax, business income was ₹ 2,18,000 and profit from a partnership firm ₹ 10,000.
- iii) Computed long term capital gain from transfer of property ₹ 26,000 and computed long term capital gain from transfer of investment ₹ 19,000.
- iv) Dividend from Indian Company ₹ 11,500.
- v) Salary received from a member who is serving at some other place ₹ 20,000.

A member of the family is handicapped and the family spent ₹ 18,000 for his treatment. Donation by cheque to a recognised medical institution ₹ 20,000 is given by family. Karta has also received ₹ 10,000 as Director's fees from his personal efforts.

You are required to calculate total income of the family.

(2×12=24)