

D.K.M.COLLEGE FOR WOMEN (AUTONOMOUS),VELLORE-1.

INCOME TAX LAW AND PRACTICE-1

SECTION-A

6 MARKS

1. What is Income tax?
2. What is Assessment Year?
3. Define previous year?
4. Define Person?
5. What is Assessee?
6. Define Income?
7. What is agriculture Income?
8. Define Residential Status?
9. What is the meaning of Salary?
10. Define allowances?
11. What is leave Salary?
12. What is meant by Gratuity?
13. Explain the various types of Provident fund?
14. Give the meaning of CCA?
15. What is Income from house Property?
16. What is Annual value?
17. Define Municipal value?
18. Define Fair Rent?
19. What is standard Rent?
20. What are the deductions under Section 24?
21. What is unrealized Rent?
22. What is Vacancy?
23. What is let out?
24. What is self occupied of house property?
25. Meaning of Business?
26. Meaning of Profession?
27. What are Professional receipts and professional expenses?
28. Explain Deemed profits?
29. Who can appoint a Income Tax authorities?
30. Explain CBDT:
31. Write the Powers of CBDT?
32. Write the Powers & functions of Assessing Officers?

SECTION-B

15 MARKS

1. Mr. A comes to India for the first time on 1st Aug 2016. During his stay in India, he stayed up to 2th Oct 2017 in Chennai and thereafter in Mumbai. Determine his residential status for the previous year 2016-17.

2. Identify the residential status of a company in cases:
 - A) ABC Ltd., an Indian Company, situated in Ludhiana.
 - B) KPC Ltd, a foreign company, situated in Chennai but controlled for Dubai.
 - C) S Ltd, a foreign Company situated in India, but partly controlled from Hubli and party from Tiawan.
3. Following amounts of Income were earned by Mr.Ramchand in the PY 2016-17.
 - (i) Salary earned and received in India Rs.25000.
 - (ii) Profit from Hotel Business in Japan Rs.50000.
 - (iii) Dividends declared in Japan, received in India Rs.10000.
 Compute his total Income for the AY 2017-18 if he is an ordinary resident.
4. From the following details, Computer gross total Income of Mr.Raj if he is not ordinary resident.
 - a. Income from agriculture in Nepal Rs.20000.
 - b. Income earned & Received in Pakistan & Deposited in a Bank there Rs.5000.
 - c. Dividend Rs.1000.
5. Following are the Incomes of Mr.X compute the gross total Income if he is a
 - a. Ordinary resident
 - b. Non-ordinary resident
 - c. Non- resident.
 - (i) Income from Business carried from Hyderabad Rs.50000.
 - (ii) Income accrued in India but received in Dubai Rs.75000.
 - (iii) Income from agriculture in London Rs.100,000.
6. Which of the following Incomes are Taxable when the residential status of Nakesh is Ordinary resident.
 - (i) Income from H.P. in India, received in China RS.60000.
 - (ii) Share of Income from Indian Partnership firm Rs.120000.
 - (iii) Dividend from Indian Company Rs.12000.
7. Mr.Suresh Kumar is employed in Mumbai in the grade of 2400-100-3400.Since 1st October 2011. Compute his basic salary for the PY-2016-17.
 - (i) Salary is due on 1st of every month , and
 - (ii) Salary is due on last date of every month.
8. Mr.A is employed at Erode on a salary of Rs.3000 per month. The employee is paying HRA OF Rs.350 pm. But actual rent paid by A is Rs.500 P.M. Compute his taxable HRA.
9. Mr.Arun an employee of AB Ltd., received Rs.96000 as gratuity and not covered by payment of gratuity act. He retires from service on 31.01.2017 after 28 years and a months service. At the time of retirement, his salary was Rs.6300 P.M. Find out taxable Gratuity.
10. Mr.X retives from the Central Government service on May 31, 20163 He gets pension of Rs.900 P.M. up to Jan 31, 2017.(i.e.Rs.900x8). With effect from

Feb1.2017, he gets one third of his pension commuted for Rs.62000. Determine the taxable amount of pension for the AY 2017-18.

11. Salary received Rs.81000.

Employee contribution to RPF Rs.100000.

Calculate the employee contribution of RPF.

12. Mr. Anandan, is provided with a car (1.3 hrs) by his employee and he uses it for both personal & Official purposes. The entire expenses on running and Maintenance including driver's salary Rs.36000 are met by Anandan. Find the value of car park.

13. The following particulars relate to Income of an employee working at Nasik for the financial year 16-17.

(i) Salary Rs.8000 P.M

(ii) D.A Rs.3000 P.M.

(iii) Salary received in advance Rs.24000.

(iv) Bonus Rs.6000.

(v) Education allowance at Rs.300 P.M. each for his two children.

(vi) Arrears of salary received Rs.8000.

(vii) House rent allowances Rs.2500 p.m. (Rent paid Rs.2000p.m.)

Find out the salary income of the employee.

14. Mr. Ramanan had let out his house property during PY 2016-17. Calculate gross amount value for it.

Actual rent received	-	Rs.21600
Municipal value	-	Rs.19200
Fair rental value	-	Rs.19800
Standard rent	-	Rs.21000.

15. Calculate the net annual value:

Fair rental value	-	Rs.45000
Municipal value	-	Rs.37500
Rent received	-	Rs.43200
Municipal tax paid		
For PY-2016-17	-	Rs.3000.

16. Mr. Arun borrowed Rs.400,000 @ 13% P.A from SBI on 1.4.2013 for construction of a house. The construction of house was completed on 31.03.2015. No part of loan is repaid till date. Calculate the amount of Interest deductible U/R 24 for the A Y 2017-18.

17. Calculate Income from H.P for the A Y 2017-18 from the particulars given below:

Actual rent received Rs.4000 P.M.

Municipal value Rs.50000 P.A

Fair rental value Rs. 54000 P.A

Municipal tax:10% of M.V

Interest on Loan borrowed for construction of house Rs.12000 P.A.

18. Mr. Gnanam has let out his house from 1.4.12 to a firm for its Office. He gives the following particulars.

Municipal value	-	Rs.45000
Fair cent value	-	Rs.49800
Standard cent	-	Rs.48000
Actual cent	-	Rs.3900 p.m.
Municipal tax	-	Rs.3600 p.a
Interest on loan	-	Rs.6600

As per agreement, rent increase to Rs.4200 p.m. from 1.10.2015. But amount of increased cent is paid in May 2016. Find his Income from house property for the A Y 2017-18.

19. From the particulars given below, compute Income from house property which consists of two Independent units having $1/3^{\text{rd}}$ & $2/3^{\text{rd}}$ area:

Date of Completion	:	1.11.2011
Municipal value		Rs.96000
Fair rental value		Rs.84000
Self occupied	=	$2/3$ portion

Let out = $1/3$ portion from 1.4.2016 to 31.08.2016 @Rs.7200 p.m. & Self occupied from 1.9.2016 onwards.

Fair Insurance premium Rs.2000 p.a

Municipal tax Rs.6000 p.a

Ground cent Rs.4000 p.a

Interest on loan Rs.7500

20. Calculate the taxable business Incomes from the following particulars collected from the accounts of Mr. Madan for the year 31.03.2017.

	Rs.
(i) Net profit after debiting for following expenses	317000

(a) Cost of sign board	40000
(b) Cost of peon sign board	60000
(c) Life Insurance premium on our life	12000
(d) Health Insurance premium of employees	16000
(e) Railway Demurrage	2000
(f) Railway penalty	2000
(g) Cost of extension of Office premises	20000
(h) Loss due to theft by a pretended customer	2000
(i) Loss by theft-stolen from house	1800
(ii) Incomes include in the net profit:	
a) Interest from Debtors	2800
b) B.D.recovered (Earlier disallowed)	1000

21. From the following information compute the business Income of Mr.V.J.
Rs.

Staff salary	25000
Rent	5000
Sales	75000
Commission on sales	2000
Bad debits recovered (earlier allowed)	10000
Dividend (Net)	20000

22. Compute Income from business from the following particulars

	Rs.
Gross profit	240000
Net profit	160000
Drawings	12000
Patents purchased	40000
Donation	16000
Fire Insurance premium (HP)	3000

23. Dr. Mahesh furnishes the following particulars of his professional receipts & payments.

RECEIPTS	RS	PAYMENTS	RS
To Consulting fees	110000	By Surgical equipment	16000
To Visiting fees	48000	By Salaries	9200
To Rent from property	7200	By personal expenses	23600
		By Balance C/D	116400
	<u>165200</u>		<u>165200</u>

Compute his professional Incomes.

24. Dr. Narayanan is a medical practitioner in Chennai. From the followings, calculate his Income from profession for the A Y 2017-18.

	Rs.
Profession for the AY -2017-18.	235000
Gross receipts from dispensary	165000
Operation fees	250000
Gift from patients	50000
Medicines Purchased	30000
Closing Stock of Medicine	125000
Openning Stock of medicine	35000
Salary of employees	10000
Dr.Narayanan went to attend a medical seminar in Germany to update knowledge & spent Rs.65000	
Medical books purchased	20000

25. Write the powers of CBDT?

26. Write the powers and functions of assessing Officers?

27. From the following Information Income are taxable when the residential status of Mr. Anil.

- Income accrued in Canada but received in India Rs. 2000.
- Rs.5,000 were earned in Africa and received there but brought to India.
- Rs.5000 earned in India but received in Canada.
- Rs.10000 earned and received in Sri Lanka from a business controlled from India.
- House property Income (computed) from Sri Lanka Rs.2000.
- Past untaxed foreign income brought to India during the previous year Rs.4000.
- Profit earned from a business in Kanpur Rs.10,000.

28. Balu has furnished the following particulars for the previous year 2016-17.

Calculate his gross total income if he is non-resident.

PARTICULARS	AMOUNT
Salary received in India (Computed)	9,000
Dividend received in Japan from a Japanese Company out of which Rs.3000 was remitted to India.	22,000
Income from business in Germany, Controlled from India	10,000
Past untaxed profit brought to India	20,000

Income from house Property in India (Computed)	3,400
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29. For the accounting year ended 31.03.2017. Mr. Shasikant furnishes the following particulars of his income.

PARTICULARS	AMOUNT
Salary received in India	60,000
Profit from business in Germany but received in India	15,000
Income from house property in Pakistan deposited in a Bank there Rs.	12,000
Profit from business established in Bangladesh but Business is controlled from India	46,000
Income accrued in India but received in Sweden.	25,000
Profit on sale of plant at Mumbai (50% received in Bangkok)	1,60,000
Interest on Japan development Bonds (60% received in India)	1,00,000

30. Compute salary income from the following

- A) Salary Rs.6250 P.M.
- B) D.A @ Rs.3000 P.M. (50% enters for retirement benefits)
- C) Commission @ 2 % on turn over Rs.8,00,000.
- D) Bonus Rs.6,000
- E) RPF Contribution by employer and employee @ 14% of Salary.

Calculate salary Income.

31. Mr. Suresh is an employee of a company in New Delhi. He submits the following particulars of his income from the company and you are asked to work out his salary income for the financial year 2016-17.

- A) Salary Rs. 18,000 p.m.

- B) Bonus one month salary
- C) Contribution to recognized provident fund 15% of salary the company is also contributing equal sum.
- D) Interest credited to P.F. at 10% per annum amounted to Rs.2,000 during the year.
- E) He received entertainment allowance from the company at Rs.2000 p.m. which he claims that he has fully spent for the purpose.
- F) He received a gift worth Rs.12000 from employer.

32. Mr. Raju is an Officer at the company in Chennai. From the following information compute his salary income.

Basic Salary	-	1,20,000
Dearness allowance	-	24,000
House Rent allowance	-	12,000
Children education allowance	-	6,000
Medical allowance	-	4,800
Contribution to R.P.F	-	12,000
Employer contribution to R.P.F	-	12,000
Interest credited to R.P.F. at 14%-		3,700

- (i) He is provided with the service of cook and watchman who are paid Rs.500 p.m. and 600 p.m. respectively. He is also provided with a car of 1.6 ltd. For official and private purposes. Expenses of car are met by the Company. He has been living in a rented house and paying Rs.1500 p.m. as rent
- (ii) He paid LIC Premium of Rs.20,000 p.a on his own life policy of Rs.3,00,000.

33. Compute net annual value for the P Y 2016-2017 from the following.

Particulars	House A	House B
Date of completion	1.11.97	1.6.03
Rent	2,500 p.m	6000 p.m
Municipal value	24000 p.a	60000 p.a
House tax (50% paid)	2400 p.a	6000 p.a
Education cess (fully paid)	600 p.a	-----
Sanitation tax	300 p.a	900 p.a

House A remained vacant for 2 months.

34. Mr. X has two houses. The first house with a municipal value of Rs. 75,000 is kept by him for his own residence and the second whose municipal valuation of Rs. 1,20,000 has been let out.

PARTICULARS	HOUSE X	HOUSE Y
Municipal tax paid	12,000	20,000
Land revenue	200	250
Interest on loan taken for		
Reconstruction	64,000	4,200
Fire insurance premium	900	2,400

Computed Mr. X's income from house property for the assessment year 2017-2018.

35. From the following profit and loss account, calculate income from business.

To Salary	50,000	By Gross profit	4,00,000
To office expenses	20,000	By House property	20,000
To Depreciation	20,000	Income	
To advertisement	20,000	By capital gains	80,000
To provision for			
Bad debts	40,000		
To Net profit	3,50,000		
	5,00,000		5,00,000

36. From the following profit and loss account of Mr. Palani for the year ended 31.03.2017, calculate his income from business.

To Rent	4,000	By Gross profit	86,875
To Salaries	32,500	By Gift Received	
To Household expenses	5,000	from friend	1,000
To Income Tax	2,250		
To advertisement	2,000		
To employee			
Welfare expenses	2,250		
To Life Insurance			
Premium	5,250		

To provision for Bad debts	2,000	
To Net profit	32,625	
	87,875	87,875

37. Dr. Ganesh is a registered medical practitioner. He gives the following summary of cash book for the year ended 31.03.2017.

Receipts		Payments	
To Opening Balance	10,000	By rent clinic	18,000
To Consultation fee	60,000	By purchase of Medicines	38,000
To Visiting fee	45,000	By Staff Salary	24,000
To Gifts & presents	8,000	By Surgical equip	40,000
To Sale of medicines	42,000		
To life insurance Maturity	1,00,000	By motor car expenses	8,000
To Dividend	6,000	By purchased car	14,000
		By House hold expenses	14,000
		By closing balance	2,000
	2,77,000		2,77,000

Other Information:

50% of motor car expenses were incurred in connection with profession. Car was purchased in Dec.2016.

House hold expense includes Rs.6, 800 for life insurance premium. Gift and presents include Rs.300 from relatives.

Closing Stock of medicine on 31.03.2017 was Rs.12,000 and opening stock on 1.4.2016.

38. From the following receipts and payments accounts of Mr. Suriya Prakash a tax consultant. Calculate income from profession.

Receipts	Rs.	Payments	Rs.
To Balance B/D	3, 50,000	By office exp.	60,000
To Fees from Client 2015-16	50,000	By Salary to staff 2015-16	30,000
2016-17	1,00,000	2016-17	40,000
To presents from clients	40,000	By Income Tax	6,000
To winning from lottery	28,000	By Repairs	8,000
To Rent from let out		By Interest on Loan	

Property	75,000	for profession	12,000
To Share of Income			
From firm	12,500	By Balance c/d	4,49,500
	<u>6,55,500</u>		<u>6,55,500</u>

39. Mr. Mohan & Co. Chartered accountants run their profession in Madurai. From the following information find the income from profession for the AY 2017-18.

To Salary to Staff	67,000	By accountancy	
To Office Rent	40,000	works	16,000
To Telephone charges	16,000	By audit fees	2,25,000
To Electricity Bill	5,600	By Financial	
To Stipends give to	12,000	Consultancy service	97,000
Trainees			
To Institute fees	1,500	By Dividends from	
To Subscription to			
Journals	3,000	UTI	12,000
To Car expenses	18,500		
To Drawings	10,000		
To Surplus	1,76,400		
	<u>3,50,000</u>		<u>3,50,000</u>

Other Information:

- (i) 25% of Car is used for personal purposes.
- (ii) Depreciation of Car during year amounts to Rs.6,000.