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

**SEMESTER EXAMINATIONS**

**NOVEMBER - 2017 15CCO5E/15CCC5E**

**INCOME TAX LAW AND PRACTICE - I**

**\*\*\*\*\*\*\*\*\*\*\*\*\*\*\*\*\*\*\*\*\*\*\*\*\*\*\*\*\*\*\*\*\*\*\*\*\*\*\*\*\*\*\*\*\*\*\*\*\*\*\*\*\*\*\*\*\*\*\*\*\*\*\*\*\*\*\*\*\*\*\*\*\*\*\*\*\*\*\*\*\*\*\*\*\*\*\*\*\*\*\*\*\*\*\*\*\*\*\*\*\*\*\***Time : 3 Hrs Max.Marks : 75

SECTION-A (10 x 2 =20)

**Answer ALL the questions.**

1. Who is a Person?
2. Who is a Non- Resident?
3. What is Perquisites?
4. Define salaries.
5. What do you mean by unrealized rent?
6. What is Vacancy Period?
7. What is meant by Profession?
8. Define Depreciation.
9. What is CBDT?
10. Who is an assessing officer?

SECTION-B (5 x 5 =25)

**Answer any FIVE of the following questions.**

1. Differentiate Capital receipts and Revenue receipts.
2. How will you determine the residential status of an individual assessee? Explain.
3. Following are the incomes of Mr. Subramani for the previous year. Calculate his taxable income on the assumption that he is
   * 1. Ordinary resident
     2. Not - ordinary resident and
     3. Non - resident.
        1. Profit from business carried from Hyderabad Rs. 50,000
        2. Income accured in India but received in Hong Kong Rs. 75,000
        3. Past Untaxed brought into India a during this previous year Rs. 42,000
        4. Income from house Property situated in SriLanka Rs. 48,000
        5. Income from agriculture in USA Rs 1,00,000.
4. Mr. Periyasami resides in Chennai and gets Rs. 10,000 per month as basic Salary Rs. 8,000 per month as DA (entering service benefits) Rs. 12,000 per month as HRA. He pays Rs. 10,000 per month as rent. Calculate taxable HRA.
5. Calculate Net annual value from the following.

Municipal Rental value Rs. 3,000 per month

Fair rental value Rs. 3,250 per month

Actual Rent Rs. 4,000 per month

Municipal Tax 10%.

1. From the particulars given below compute salary income of Mr. Sunny who is working in

West Bengal and receives the following during the previous year.

|  |  |  |
| --- | --- | --- |
| Basic Pay | Rs. 20,000 p.m |  |
| D.A | Rs. 1,500 p.m | (enters into service benefits) |
| Education Allowance | Rs. 200 p.m | Per child for his two children |
| Tribal area Allowance | Rs. 300 p.m |  |
| CCA | Rs. 125 p.m |  |
| Conveyance Allowance | Rs. 100 p.m |  |
| Helper Allowance | Rs. 50 p.m |  |

1. From the following Profit and Loss account, Calculate Income from Business:

|  |  |  |  |
| --- | --- | --- | --- |
|  | Rs. |  | Rs. |
| To Rent | 40,000 | By Gross Profit | 2,50,000 |
| To Salary to employees | 25,000 | By Property income |  |
|  |  |  | 1,50,000 |
| To Depreciation | 10,000 | By income from other sources | 2,00,000 |
| To Donation | 8,000 |  |  |
| To Net Profit | 5,17,000 |  |  |
|  | 6,00,000 |  | 6,00,000 |

1. Explain the powers of Chief Commissioner of income tax.

SECTION-C (3 x 10 =30)

**Answer ALL the questions.**

1. (a) Explain the various incomes exempted U/S 10.

(Or)

(b) Calculate income from salary of Mr. Vishnu Kumar a Director employee of H.D. Ltd.,

Coimbatore.

Basic Salary Rs. 40,000 p.m

D.A Rs. 12,000 p.m (Not forming Part)

Bonus Rs. 50,000

HRA Rs. 8,000 p.m (Rent Paid Nil)

Both the employer and the employee contribute 14% of salary towards RPF.

The employee was provided with an Ambassador car (1800cc) for his personal and official use along with a driver and the employer meets expenses. He employer Pays Rs. 2,000 Professional tax and Rs. 3,000 Insurance premium of Mr. Vishnu Kumar.

1. (a) Yashapl has occupied two houses for his residential purposes. Particulars of which are as follow.

|  |  |  |
| --- | --- | --- |
| Particulars | House 1  (Rs) | House 2  (Rs) |
| Municipal value  Fair rental value  Standard Rent  Municipal tax paid  Fire insurance Premium  Ground Rent due  Interest on Capital borrowed for construction of houses  (Rs 10,00,000) @ 16% on 5th April 2013, Construction is  completed on 5th March 2014 and Loan is yet to be paid | 60,000  85,000  65,000  6,000  2,000  500  160,000 | 30,000  32,000  36,000  3,000  1,000  200  Nil |

Calculate Income From House Property assuming that Yashpal could not occupy House 2 for

two months.

(Or)

(b) Calculate Income from House Property of Mr. Rijo., who owns two Houses. The details

are as follows.

|  |  |  |
| --- | --- | --- |
| Particulars | House 1 (Rs) | House 2 (Rs) |
| Municipal rental value  Fair Rental value (FRV)  Standard Rent  Actual rent (AR)  Vacancy  Unrealized Rent (URR)  Nature of occupation  Municipal tax  Interest on borrowed capital (due) | 80,000  90,000  85,000  1,02,000  -  8,000  L/O  3,000  8,000 | 1,00,000  1,10,000  N.A  -  -  -  S/O  2,000  15,000 |

1. (a) From the following P & L A/c, Calculate income from Business of Mr. Arun.

|  |  |  |  |
| --- | --- | --- | --- |
|  | Rs. |  | Rs. |
| To General Expenses  To Advertisement  To Bad debts  To repairs  To Patent right acquired during 1997  To copyrights during 2016  To other expenses  To Net profit | 20,000  8,000  6,000  4,000  7,000  6,000  25,000  5,03,000 | By G/P  By Short –term capital gain  By Long-term capital gain  By Sundry income  By bad debts recovered disallowed earlier | 2,22,000  1,20,000  30,000  200,000  7,000 |
|  | 5,79,000 | 5,79,000 | |

1. Rs. 2,000 of repair expenses is of capital nature.
2. Rs. 25,000 Spent on other expenses relates to income received investments.
3. Advertisement was paid in cash.

(Or)

(b) Explain the power of income tax authorities to search and seizure.

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