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

**SEMESTER EXAMINATIONS**

 **NOVEMBER – 2018 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. What is meant by Assessment Year?
2. Who is an Assessee?
3. List out fully taxable allowances.
4. Define Gross Annual Value.
5. Define Deemed profit.
6. M.V.George after about 26 years stay in India left for England in April 2016 and returned to India on 15.4.2018 to take up a salaried apportionment. Find out his residential status for the PY 2017-18.
7. Calculate taxable HRA from the following:
* Basic pay – Rs. 5,000 p.m.
* DA ( not forming) – Rs.3,000p.m.
* HRA – Rs. 3,000 p.m.(Rent paid Rs. 3,250 p.m.)
* Medical allowance – Rs. 500 p.m.
1. From the following particulars, compute gross annual value.
* Municipal value - Rs. 60,000
* Fair rent - Rs. 65,000
* Standard rent - Rs. 59, 500
* Actual rent - Rs. 72,000
1. A trader paid Rs. 22,250 for advertisement expenses in cash. Compute the inadmissible expenses.
2. Who is an Assessing Officer?

 SECTION-B (5 x 5 =25)

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

1. State the powers of Income Tax Officer.
2. Balu has furnished the following particulars for the previous year 2017-18. Calculate his total income if he is non-resident.

|  |  |
| --- | --- |
| Salary received in India.Dividend received in Japan from Japanese co. out of which Rs. 3000 was remitted to India.Income from business in Germany controlled from India.Interest on Savings Bank Deposit in State Bank of India.Past untaxed income brought to India.Income from house property in India. | Rs.9,00022,00010,0001,00020,0003,400 |

1. Mr.Kumar is an employee of Zigma Ltd. He gets basic salary of Rs. 6,400 p.m.; D.A. (50% enter for retirement benefit) Rs. 3,200 p.m.; Medical allowance Rs. 800 p.m.; Professional tax paid Rs. 6,400 p.a. He has been provided with a rent free accommodation in Bombay. Calculate taxable amount of rent free accommodation.
2. Calculate taxable value of pension of Mr. B a government employee who retired on 30th April 17 and received Rs. 2,400 p.m. as pension upto 31.10.2017. On 1.11.2017 he commuted 70% of his pension for Rs. 1,80,000. He had a total of 35 years and 8 months service.
3. Mr. F has occupied two houses for his residential purpose, particular of which are as follows:

|  |  |  |
| --- | --- | --- |
| Particulars | House I (Rs.) | House II (Rs.) |
| Standard rentMunicipal valuationFair rentMunicipal taxes paidRepairsInsurance PremiumGround rent | 20,00030,00018,0002,400Nil1,3001,700 | -30,00035,0003,600200600400 |

‘F’ borrows Rs. 30,000 @ 20% interest p.a. for construction of house II (date of borrowing; June 1, 2010, date of repayment of loan 10.5.2018 construction of both houses is completed in May 2015). Compute the taxable income under the head house property.

1. From the following, compute the taxable income under the head income from business, profit before adjusting the following items is Rs. 5,50,000.

|  |  |
| --- | --- |
| Administration expensesTrade expensesHouse hold expensesDiscount allowedIncome TaxProvision for bad debtsBad debtsDonation to P.M. National Relief FundLegal fee | Rs.10,0005,0003,0004,0004002,0003,0004,000200 |

1. Mr. Arun is an Indian citizen. What is his residential status for the assessment year 2018-19Arun’s stay in India is as follows:

|  |  |
| --- | --- |
| Previous year2017-182016-172015-16 | Presence in India185 days15 days26 days |

1. Mr. Vijayan was working in V. Co. Ltd. He retired from his employment after rendering service of 23 years and 8 months. At the time of his retirement, he received Rs. 4,00,000 as leave salary. His salary at the time of retirement was Rs. 14,000 p.m. He was entitled to take 40 days of leave for every year but he availed only 4 months leave in his service. Calculate taxable leave salary.

SECTION-C (3 x 10 =30)

 **Answer ALL the questions.**

1. (a) Explain the conditions for assessing the residential status of an individual.

(Or)

 (b) Explain the appointment, Jurisdiction and powers of an Assessing officer.

1. (a) The following are the incomes of Shri Kishore for the PY 2017-18.
	1. Profit from business in Australia received in India – Rs.15,000.
	2. Profits received from business in Chennai - Rs. 10,000.
	3. Income from house property in U.K. received in India - Rs. 10,000.
	4. Interest on Indian govt. securities received in India - Rs. 1,00,000.
	5. Income from house property in USA deposited in a bank there - Rs. 1,00,000 (computed).
	6. Profits earned and received from business in Mumbai - Rs. 50,000.
	7. Profits accrued/earned in India received in Singapore - Rs. 40,000.
	8. Income from agriculture in USA Rs. 70,000 entire amount spent there for daughter’s education.
	9. Interest on foreign govt. securities received in UK and deposited there Rs. 30,000.
	10. Profits of a business established in Hongkong, deposited in a bank there Rs. 2,00,000, the business controlled from India.
	11. Profits of business established in Germany and received in Germany from a business controlled in Germany Rs. 4,00,000.
	12. Past untaxed foreign income brought into India during the previous year Rs. 60,000.
	13. From the above particulars ascertain the taxable income of Shri Kishore for the PY

 2017-18, if he is : a) a Resident, b) a Not Ordinarily Resident, and c) A Non-Resident.

(Or)

 (b) Mr. C is the purchase officer of a company in Madurai. He furnished the following particulars

 regarding his income for previous year 2017 – 18.

1. Net salary Rs. 75,000 after deducting Rs.7000 for income tax, Rs. 12,000 as contribution to RPF and rent bungalow Rs.3000.
2. Bonus Rs.6000
3. Travelling allowance for tour Rs.25,000
4. Reimbursement of medical bills Rs.7500
5. He lives in bunglow belonging to the company, its fair rent is Rs.2750 p.m. The company has provided a gardener and a cook, each of whom is being paid a salary of Rs. 250 per month and Rs.100 p.m. respectively. The company has paid Rs.6000 for electricity and Rs. 1200 for water bill.
6. He has been provided with a 1.8 ltr car for official and personal uses the maintenance expenses, running expenses and driver’s salary are paid by the company.
7. The following amount were deposited in his PF account.
	* 1. Own contribution Rs. 12,000
		2. Company contribution Rs. 12,000
		3. Interest credited at 10% p.a. Rs. 23,000
		4. Deposit in Public Provident Fund Rs. 16,000.

Compute gross salary income for the assessment year 2018 – 19.

1. (a) For the AY 2018-19, ‘X’ submits the following information:

|  |  |  |
| --- | --- | --- |
| Property | House I (Rs.) | House II (Rs.) |
| FRVMunicipal ValuationAnnual rentStandard rentMunicipal taxes paid by tenantMunicipal taxes paid by ‘X’Repairs paid by tenantLand revenue paidInsurance premium paidUnrealised rent of the PY 2016-17Interest on loan borrowed for payment of municipal tax of house propertyNature of occupationDate of completion of construction | 3,60,0003,50,0003,80,0003,40,0003,00020,0005002,000500--Let out for residenceApril 1,2013 | -8,00,0006,80,0008,50,0004,00040,00018,00016,0002,00050,0001,20,000Let out for businessJuly 1, 1999 |

Rs. 5,00,000 is borrowed to construct the House I on 1.7.11 and the loan was repaid on 1.1.2013. Rate of interest is 12%. Rs. 6,00,000 is borrowed to construct 2nd house on 1.1.98 and the loan is still due. Rate of interest is 12%.Determine the taxable income from House property of ‘X ‘ for the AY 2018-19.

(Or)

(b) The following is the receipts and payments account of a Medical practitioner for the year ending

 31.3.2018.

|  |  |  |  |
| --- | --- | --- | --- |
| Receipts | Rs. | Payments | Rs. |
| Balance b/dVisiting feesConsultation feesSales of MedicinesOperation theatre rentInterest and dividends | 1,10,00065,00065,00025,00015,00020,0003,00,000 | Clinic rentStaff salariesRent &taxesElectricity & waterPurchase of medical booksPurchase of surgical equip.Motor car expensesMedical association membership feesAudit feesStaff welfare expensesDiwali expensesEntertainment expensesMedicines purchasedBalance c/f | 15,00080,0005,0004,0004,00030,00015,0005,00020,0002,0001,0006,00030,00083,0003,00,000 |

 **Additional Expenses:**

1. A cash payment of Rs. 5,000 was given to him by a patient in appreciation of his Medical service but was not accounted for in the books of accounts.
2. One third of Motor car expenses relate to his personal use. Depreciation on Motor car allowable under the Income Tax Act was Rs. 6,000 for professional use.
3. Audit fees include Income- tax appeal expenses of Rs. 15,000.
4. Depreciation computed at the prescribed rate on surgical equipment is Rs. 10,000.
5. Interest and dividend include:
6. Interest on bank deposit – Rs. 4,000.
7. Dividends from UTI – Rs. 4,000.
8. Interest on National Deposit Scheme – Rs. 5,000.
9. Dividends from Indian companies – Rs. 7,000.
10. His taxable income from house properties was Rs. 5,00,000.

Compute his net income from profession for AY 2018-19.

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