

**D.K.M. COLLEGE FOR WOMEN (AUTONOMOUS),
VELLORE – 1
SEMESTER EXAMINATIONS
NOVEMBER – 2016
CC05F
INCOME TAX LAW AND PRACTICE**

Time: 3 Hrs
Max. Marks: 75

SECTION – A (10 X 2 =20)

Answer ALL the questions.

1. Define Person.
2. Define previous year.
3. What is clubbing of Incomes?
4. What is a belated return?
5. Calculate taxable HRA if Mr.Thanu is working and living at Coimbatore.

	Rs.
Basic Salary P.a	78,000
Dearness allowance P.a (forming part of salary)	7,800
House rent allowance P.a	11,700
Rent Paid P.a	13,200

6. Calculate gross annual value from the following information:

Actual Rent	Rs. 24,000 P.a
Fair Rent	Rs.28,000 P.a
Standard Rent	Rs.20,000 P.a

7. Mr.Pramod Prepared Profit and Loss Account of his shop for the year ended 31.3.2016

Particulars	Rs	Particulars	Rs.
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Salaries	13,000	Gross Profit	34,725
Rent	1,600	Gift received from friends	2,75
Household expenses	2,000		
Income – tax	9,00		
Advertisement	8,00		
Employees welfare expenses	9,00		
	2,100		
Life Insurance Premium	8,00		
Bad debts reserve	12,900		
Net Profit	35,000		35,000

Compute his income from business.

8. What are perquisites?
9. Kamlesh purchased a rented residential house in 1968 for Rs.2,00,000 which he sold in October,2015 for Rs.39,00,000 Fair Market value of the house. as on 1st April, 1981 was Rs.3,00,000. Compute his taxable Capital gains.
10. Compute Income from other sources for the following incomes:
 - i. He was a director in a company from which he received Rs.13,000 as Director's fees.
 - ii. Dividend received from a foreign company Rs.6,000
 - iii. Received Winnings from Lottery Rs.28,000
 - iv. Income from agriculture in England Rs.78,000

SECTION – B (5 X 5 =25)

Answer any FIVE of the following questions.

11. Explain the incidence of residence on tax liability.
12. In What circumstances is the income of one person treated as the income of another?
13. From the following particulars, Calculate the salary income of Mr.Haridas (an employee of an individual for the A.Y.2016 – 2017)

	Rs.
Salary	5,500 P.M
House – rent allowance	2,400 P.M
Dearness allowance	5,000 P.M
Entertainment allowance	1,200 P.M

Mr.Haridas and his employer contribute to recognized Provident fund 14 percent of salary.

One small car is allowed to him by his employer both for private and official use. Expenses of car are borne by the employer. He lives in a rented house monthly rent being Rs.3,000 Mr.Haridas is working at Meerut.

14. From the following information compute the annual value of the house.

	Rs.
Municipal Value	4,00,000
Fair rent	3,60,000
Standard rent	4,50,000
Actual rent	50,000 P.M

Building remained vacant for two months during the previous year.

Un realized rent Rs.50,000 conditions of Rule 4 are satisfied.

Municipal tax paid by the owner Rs.25,000 and by the tenant

Rs.25,000

15. From the following information of a Chartered Accountant, Compute taxable income from profession for the A.Y.2016 - 17

Receipts	Rs	Payments	Rs.

Consultation Fees	2,50,000	Official Rent	25,000
Gifts from Clients	20,000	Stipend to Article	20,000
Gifts from father – in – law	30,000 12,000	clerks	12,000
Appellate Tribunal	10,000	Professional books (not annual publication)	4,000 2,000
Appearance Fees for drafting Memorandum of Association		purchased Charitable Donation Professional Tax	

16. An Iron and steel mill purchased a plant in the year 2014 - 15 for Rs.8,00,000 out of which Rs.2,00,000 was received from the Government of India as grant.

The plant was destroyed by fire in November, 2015 and the Insurance Company accepted a claim of Rs.3,00,000 and the scrap was sold for Rs.10,000.

Work out the amount of depreciation or other claim for the previous year's 2014 – 15 and 2015 – 16

- Grant was given to meet the cost of the plant ; or
- As an incentive to set up industry in a back ward area.

17. Mr. P owns a residential house at Agra which he acquired in May 1989 for Rs.3,00,000.he sells the house for Rs.30,00,000 on August 18,2015.He purchases a residential house at Kanpur on February 14,2016, for Rs.10,00,000.Find out the amount of capital gains Chargeable to tax for the A.y 2016 - 17
The C.I.I in 1989 – 90 and 2015 – 16 were 172 and 1081.

18. The following incomes were received by Mr. A during the financial year 2015 – 16.

	Rs.
Director's fees	6,000
Income from Agricultural land (in Pakistan)	40,000
Interest from Post Office Saving bank Account	1,500
Interest on Fixed Deposit in SBI	1,800
Winning from lottery (Net)	35,000
Crossword Puzzles	2,500
Royalty on Books	20,000
(Expenses in this connection Rs.4,000)	
Compute his income from other sources.	

SECTION – C (3 X 10 =30)

Answer ALL the questions.

19. a) How is residence of assesses determined for income tax purpose?

(Or)

- b) Sri Chowdhry is purchase officer in a company in Kota (Population exceeds Rs.25 lakh). He

furnished the following particulars regarding his income for the previous year 2015 – 16.

- i) Net basic salary Rs.1,20,000 which is after deducting Rs.2,000 for income tax ,Rs.10,000 as contribution to recognized provided fund and rent of the bungalow Rs.3,600
- ii) Bonus Rs.1800.
- iii) Travelling allowance for official duty travelling Rs.25,000

- iv) Reimbursement of medical bills Rs.15,000(treatment was done in a government hospital in India)
 - v) He lived in a bungalow belonging to the company. The Company has provided on this bungalow the facility of a gardener and a cook each of whom is being paid a salary of Rs.250 P.M and Rs.800 P.M respectively. The Company paid in respect of this bungalow Rs.4,800 for electric bill and Rs.1,200 for water bill.
 - vi) He has been provided with a large car for official and personal use. The maintenance and running expenses of the car (including driver) are borne by the company.
 - vii) The following amounts were deposited in his provident fund account.
 - a) Own contribution Rs.10,000 b) Company's contribution Rs.10,000 and
 - b) Interest @ 9.5% P.a Rs.9,075
- Compute his taxable income from salary for the A.Y 2016-17.

20. a) Following is the Profit and Loss Account of a Merchant.

Receipts	Rs	Payments	Rs.
To Rent	6,000	By Gross Profit	52,300
To Salary of Staff	5,400	By Interest from	2,800
To Diwali expenses	200	debtors	2,400
To Interest on loan	12,500	By Rent from property	1,600
To Sundry expenses	5,500	By Sundry Incomes	3,700
To Bad Debts.	600	By Commission	
To Charity	100		
To Reserve for Bad Debts	200		
To Rates	600		
To Entertainment	850		
To Loss by theft	1,400		
To Net Profit	29,450		
	<u>62,800</u>		<u>62,800</u>

(Or)

b) From the particulars given below, compute the total income for the previous year 2015 – 16 :

	Rs.
i) Income from let – out house (Computed)	6,000
ii) Annual rental value of his self – occupied house	4,000
iii) Municipal taxes	400
iv) Profit from electric goods business after depreciation	10,000
v) Profit from agency business	3,000
vi) Speculation gain from gold	2,000
vii) Long – term capital gains	7,000
viii) Short – term capital gains	2,000

Following losses have been brought forward from 2014 – 2015 previous year.

	Rs.
i) Loss from electric goods business	6,000
ii) Loss from an agency business	1,000

iii) Speculation loss from silver	4,000
iv) Unabsorbed depreciation	1,000
v) Long – Term Capital Loss	4,400
vi) Short – Term Capital Loss	3,000

21. a) Shrikant furnishes the following information for the previous year 2015 -16.

Particulars	Jewellery
Year of purchase	1983 – 84
Year of Sale	2015 – 16
Cost of Purchase	Rs.1,16,000
Sale Proceeds	Rs.12,10,000
Commission paid on sales	Rs.10,000

Shrikant purchased a new residential house for Rs.6,00,000 on 15.3.2016 out of sale proceeds of jewelley. The C.I.I. for the years 1983 – 84 and 2015 –16 were 116 and 1,081 respectively.

Compute the Capital Gains for the A.Y 2016 –17.

(Or)

b) Explain briefly the different types of assessment.

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