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| Reg.No : |  |  |  |  |  |  |  |  |

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

**SEMESTER EXAMINATIONS**

**APRIL – 2016 CCO6E**

***INCOME TAX PRACTICE***

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

**SECTION – A (10 X 2 =20)**

**Answer ALL the questions.**

1. What are the two basic conditions to be fulfilled to become a resident?
2. Explain the provisions relating to deduction U/S 80D.
3. What is clubbing of Incomes?
4. The total income of an individual for the A.y 2015 – 2016 has been determined by the assessing officer at Rs.3,50,000.Later, it is found that he has not considered the following while determining the income.

|  |  |  |
| --- | --- | --- |
|  |  | Rs. |
| i) | Depreciation for the current year | 12,000 |
| ii) | Unabsorbed depreciation carried forward | 15,000 |
| iii) | Unabsorbed business losses carried forward from the A.y 2013 – 2014 | 3,000 |

Determine the Gross Total Income for the A.y 2015 – 2016.

1. Mr.Prasang is employed in a private company at Rs.70,000 per month, Rs.6,000 per month as dearness pay and Rs.10,000 per annum as commission during the previous year. He received Rs.2,000 per month as house rent allowance. He paid Rs.2,500 per month rent. Compute HRA exempted from tax.
2. From the following particulars, Compute Gross Annual Value:

|  |  |  |
| --- | --- | --- |
| 1. | Municipal Value | Rs.30,000 |
| 2. | Fair Rent | Rs.36,000 |
| 3. | Actual Rent | Rs.32,000 |

1. Profit and loss account of M/s Balaji Traders shows a net profit of Rs.1,00,000 after debiting the amount withdrawn for personal expenses Rs.10,000. Life Insurance premium Rs.15,000, Income tax Rs.22,000, expenses relating to income tax proceeding Rs.15,000 and municipal tax relating to the self occupied property Rs.1,400 Compute his taxable income under the head ‘Profit from Business’.
2. Books of XYZ ltd. disclose the following details

|  |  |  |
| --- | --- | --- |
|  |  | Rs. |
| i) | W.D.V of Plant and machinery on 1.4.2014 | 1,00,000 |
| ii) | Cost of new machinery purchased for production of articles on 1.1.2015 and put to use | 60,000 |
| iii) | W.D.V of machinery sold on 1.2.2015 | 30,000 |
| iv) | Amount received on machinery sold on 1.2.2015 | 40,000 |

Calculate chargeable depreciation of plant and machinery for A.y 2015 -16.

1. From the following particulars, Compute Income from other sources for the A.y 2015 – 2016.
2. He was a director in a company from which he received Rs.13,000 as Director’s fees.
3. Interest received on deposits with a Co - operative Bank Rs.2,000.
4. Dividends received from a foreign company Rs.6000.
5. Received winning from Lottery Rs.28,000
6. Income from agriculture in England Rs.78,000.
7. Honorarium for delivering lectures in a registered society Rs.1,200.

10.Mr.Krishna purchased a piece of land on 4.1.1978 for Rs.50,000 This land was sold by him on 2.9.2014 for Rs.15,00,000. The market value of Land as on 1.4.1981 was Rs.1,00,000 Expenses on sale were 2 % of transfer price. Compute the capital Gain (taxable) for the A.y 2015 – 2016.Assume C.I.I. for 2014 - 2015 to be 1024.

**SECTION – B (5 X 5 =25)**

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

11. Enumerate any five items of income which are totally exempt.

12. Under what circumstances is the income of one person treated as the income of another?

13. From the following particulars in respect of Mr.Adarsh an author of books, find out the deduction

allowable to him U/S 80 c for the A.y.2015 - 16 .

|  |  |  |
| --- | --- | --- |
|  |  | Rs. |
| i) | Life Insurance Premium (on his own life policy) taken in 2011. | 22,000 |
| ii) | Sum assured on the above policy | 2,00,000 |
| iii) | Contribution to unrecognized provident fund | 1,000 |
| iv) | Contribution to public provident fund | 95,000 |
| v) | Subscription to NSC(V III Issue) | 18,000 |
| vi) | Accrued interest for one year completed N.S.C(V III Issue) | 8,000 |
| vii) | Life Insurance premium ( on his mother’s life policy) | 5,000 |
| viii) | Repayment of Bank loan borrowed for construction of the house | 21,000 |

14. Mr. X is the owner of a house at Agra, particulars in respect of which for the year ended 31st March,

2015 are as below :

|  |  |  |
| --- | --- | --- |
|  |  | Rs. |
| i) | Actual rent received | 4,500 |
| ii) | Municipal Valuation | 4,200 |
| iii) | Total Municipal tax | 630 |
| iv) | Municipal tax paid by Mr. X | 420 |
| v) | Municipal tax paid by tenant | 210 |
| vi) | Interest on loan taken for renewing the house | 150 |
| vii) | Unrealised rent allowed in the A.y 2011 – 12 recovered during the year. | 2000 |

Compute Mr. X’s Income from House Property for the A.y. 2015 – 2016

15. Dr.Satish is a Medical Practitioner. He gives you the following summary of cash book for the year ended

31.3.2015.

|  |  |  |  |
| --- | --- | --- | --- |
|  | Rs. |  | Rs. |
| To Balance | 10,000 | By Rent of clinic | 18,000 |
| To Consultation fees | 60,000 | By Purchase of Medicines | 38,000 |
| To Visiting fee | 45,000 | By Staff Salaries | 24,000 |
| To Gifts and presents | 8,000 | By Surgical Equipments | 40,000 |
| To Sale of Medicine | 42,000 | By Motor - Car expenses | 8,000 |
| To Dividend from UTI | 6,000 | By Purchase of Motor car | 1,40,000 |
| To Life Insurance Maturity | 1,00,000 | By House hold expenses | 7,000 |
| To Interest from National defence Bonds | 6,000 | By Closing Balance | 2,000 |
|  | 2,77,000 |  | 2,77,000 |

Other Information :

1. 50 % of the Motor – Car expenses incurred in connection with profession. Car was purchased in December 2014.
2. Household expenses included Rs..6,800 for life insurance premium.
3. Gifts and presents included Rs.3,000 from relations.
4. Closing stock of medicine Rs.12,000 and on 1.4.2014, Opening stock was Rs.4,000.

Compute his professional gain for the A.y 2015 – 2016.

16.Z Ltd. Furnishes you the following informations

Block I : Plant and Machinery (Consisting of 3 plants), rate of depreciation 15 % W.D.V on April

1,2014 Rs.2,50,000

Block II : Buildings (Two buildings), rate of depreciation 10% , W.D.V on April 1,2014 Rs.6,00,000.

Acquired on june 2,2014, 2 plants for Rs.2,00,000.sold on November 30,2014 all the five plants for

Rs.4,50,000.

Acquired on December 15,2014 two plants for Rs.1,50,000 for its production department.

Admissible rate of depreciation in relation to all acquired plants is 15%.

Compute the amount of admissible depreciation claim of M/s Z ltd., for the A.y. 2015 – 2016.

17. Mr. Shankar Lal’s particulars of income are as under:

a) He took a house on the rent of Rs.1,000 P.M and let it out again for Rs.1,600 P.M. Besides it he

received Rs.5,000 rent from his ownership house.

b) Dividend from an Indian Company Rs.4,000(Gross).

c) Speculation business profit Rs.6,000 and Rs.500 from cricket gambling.

d) Agricultural income in Pakistan Rs.10,000 was not brought in India.Rs.18,000 income from agricultural

land situated at Kanpur.

e) Salary as an M.L.A Rs.30,000 and daily allowance Rs.4,000.

f) Share in H.U.F. Income Rs.8,500.

g) Dividend received Rs.6,000 from Co – operative society .

Compute Income from other sources.

18. The following particulars are of Shri Santosh’s income for the year ending 31st, March 2015:

|  |  |  |
| --- | --- | --- |
|  |  | Rs. |
| i) | Income from house property (Loss) | 6,000 |
| ii) | Interest on Sundry loans (Income) | 3,000 |
| iii) | Business income (cloth) | 2,90,000 |
| iv) | Share of loss from firm | 18,000 |
| v) | Speculation loss | 3,200 |
| vi) | Dividend (Gross) | 5,000 |
| vii) | Capital Gains Short – Term | 1,500 |
| Viii) | Capital Gains Long – Term | 6,000 |
| xi) | Loss from small scale industry | 14,000 |
| x) | Income from agricultural land | 4,500 |

Set – off various losses from income and compute Gross Total Income. Find out the amount which

can be carried forward.

**SECTION – C (3 X 10 =30)**

**Answer ALL the questions.**

19. a) From the following information compute eligible deductions from the gross total income of x for the

A.y 2015 - 2016.

|  |  |  |
| --- | --- | --- |
|  |  | Rs. |
| i) | LIC Premium paid (sum assured Rs.2,00,000 Policy taken on 10.2.2014) | 30,000 |
| ii) | Deposit in PPF | 60,000 |
| iii) | Repayment of Housing loan to SBI | 50,000 |
| iv) | Payment to LIC pension fund | 30,000 |
| v) | Interest paid on loan taken for higher education of wife | 15,000 |
| vi) | Medical insurance premium paid by cheque for parents (aged 75 years) not dependent  on assessee. | 25,000 |

(Or)

b) The following particulars of Mrs. D.Rajshri Income for the previous year 2014 -2015:

a) Salary (after deduction Rs.6,000 for income tax at source) Rs.2,48,000 P.a.

b) Dearness allowance Rs.12,000 P.a.

c) Education allowance ( for 3 children) Rs.5,700 P.a.

d) Medical allowance (actual expenditure Rs.4,000 ) Rs.7,000 P.a

e) Rent free house in Mumbai, the company paid Rs.5,000 Per month as rent. The house is furnished

and the rent of the furniture is Rs.2,000 P.a.

f) Professional tax Rs.1,000 deducted from salary.

g) She contributes to recognized provident fund 14% of her salary and dearness allowance and the

company also contributes the same amount. An interest amount Rs.4,400 was credited to the fund

deposited @ 11%.

h) She is provided a small car by company partly for private purposes. the company incurred whole

expenditure for operating the car.

Compute the income from salary for the A.y 2015 – 16.

20. a) Mr.Om is a cloth merchant. From the following P & L A/c for the year ended 31st March, 2015

Compute his income from business and his Gross Total Income for the A.y 2015 -2016.

|  |  |  |  |
| --- | --- | --- | --- |
|  | Rs. |  | Rs. |
| Salaries and wages | 15,000 | Gross Profit | 2,70,000 |
| Rent and Taxes | 4,000 | Dividend on shares(Gross) | 4,000 |
| Domestic Expenses | 2,500 | Rent from Building let out | 10,000 |
| Income Tax | 1,200 |  |  |
| Postal Charge | 1,500 |  |  |
| Donation | 2,500 |  |  |
| Life Insurance Premium | 2,000 |  |  |
| Audit Fees | 1,500 |  |  |
| Bad debts Reserve | 1,800 |  |  |
| Bad debts | 2,500 |  |  |
| Depreciation | 5,000 |  |  |
| Net Profits | 2,44,500 |  |  |
|  | 2,84,000 |  | 2,84000 |

Other Information:

1. Rent and Taxes include Rs.2,000 paid as Municipal tax on building let out.
2. Value of life Insurance Policy is Rs.18,000.
3. Donation was given to an approved instution.
4. Permissible Depreciation was Rs.4,000.

(Or)

b) Calculate Income from House Property from the following information.

Fair Rental value Rs.75,000

Let out value Rs.7000 per month

Municipal Tax.

For 2014 – 15 Rs.8,000

For 2013 – 14 Rs.7000

1. Unrealized rent recovered during the current previous year Rs.2,50,000, which was allowed as deduction in the Assessment year 2013 – 14.
2. Arrear of rent received during the current previous year Rs.15,000.

21. a) ‘A’ sold a Long - term capital asset (listed securities) for Rs.15,00,000 in August, 2014. It was

purchased in August 1981 for Rs.1,20,000. On 1st October, 2014 he purchased bonds redeemable

after three years issued by the NHAI for Rs.1,50,000. Equity shares for Rs.,1,00,000 and a residential

house in Mumbai for Rs.3,75,000. In August, 2014 he did not own any other residential house,

though he owned a big house property in Delhi. Compute Taxable Capital Gains of the assessee.

Assume that he has not paid securities transaction tax.

(Or)

b) From the following calculate Income from other sources of Mr.Murugran.

a) Winning from Lottery Rs.10,000 card games Rs.5,000 and chess game Rs.15,000

b) He received royalty Rs.1,50,000 from the text books, which he has written .He claims that he was

spent Rs.10,000 for Purchase of books Rs.2,500 for telephone charges regarding the book and

Rs.2,000 he has paid for proof reading.

c) He is a member of board of examiner of professional institutes and from which he receives Rs.6,500

as examinership remuneration.

d) He is living in a rented house for which he pays a rent of Rs.1,000 p.m. He has sub –let half of the

portion of the house for Rs.1500 p.m he has spent Rs.250 towards repairs for the sub let partion.

e) Director fees Rs.5,000.

f) Ground rent received Rs.1,500.

g) His friend Mr.Sivam gave him Rs.15,000 as gift.

h) His another friend Mr.Vinayagam gave him Rs.56,000 as gift.

i) His sister –in -law gifted him Rs.40,000

j) He received honorarium for writing articles in Times of India and Deccan Chronicle Rs.2,000.

**\* \* \* \* \* \* \***