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

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

**SEMESTER EXAMINATIONS**

**APRIL – 2016 CPCO4A**

***DIRECT TAXES***

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

**SECTION – A (5 X 6 =30)**

**Answer ALL the questions.**

1. a) Write any 12 incomes which are fully exempted from income tax.

(Or)

b) How capital expenditures differ from revenue expenditures? Examine.

1. a) Explain the provisions relating to depreciation U/ S. 32 of the Income Tax Act 1961.

(Or)

b) The particulars of a residential house are given below for the assessments year 2015 -16

|  |  |
| --- | --- |
|  | Rs. |
| Municipal Value | 44,000 |
| Fair rent | 48,000 |
| Standard rent | 36,000 |
| Actual rent | 37,200 |
| Municipal Tax Paid | 8,800 |
| Ground rent payable | 60 |
| Interest on money borrowed for construction | 5,000 |
| Collection charges paid | 300 |

The assessee mortgaged the property for Rs.36,000 which was spent on his daughter’s marriage the

assessee paid interest of Rs.3,000. On the mortgage loan this year Compute his income

from house property.

1. a) Compute tax liability of Prof ‘X’ a disabled person, who is 67 years on 1- 4 - 2015 for the

Assessment year 2015 – 16 from particulars given below.

|  |  |  |
| --- | --- | --- |
|  |  | Rs. |
|  | Professional gain | 6,20,000 |
| ii) | Income from House Property [Compute] | 16,000 |
| iii) | Short – term Capital gain | 6,000 |
| iv) | Long- term Capital gain | 20,000 |
| v) | Punjab state lottery prize | 50,000 |
| vi) | Agricultural Income [ Net] | 20,000 |
| vii) | Amount invested in NSC VIII issue | 30,000 |
| viii) | Unexplained cash credit | 1,00,000 |

(Or)

b) Mr.Lalit an ordinary resident in India earned the following incomes during the Financial Year

2014 – 15.

|  |  |
| --- | --- |
|  | Rs. |
| Director’s fees | 2,000 |
| Income from agricultural land in Pakistan | 5,000 |
| Ground – rent for land in pathankot | 10,000 |
| Interest on postal savings bank account | 100 |
| Interest on deposit with Industrial Finance Corporation of India | 500 |
| Dividend from foreign company | 700 |
| Rent from sub – letting a house | 26,250 |
| Rent payable by Mr.Lalit for the sub – let house | 12,000 |
| Other expenses incurred on this sub – let house | 1,000 |
| Winning form Race – Course | 12,300 |
| Interest on securities | 4,000 |

You are required to calculate “Income from other Sources “of Mr.Lalit for the Assessment year

2015 – 16.

1. a) Compute tax liability from the following data capital gains for Assessment year 2015 – 2016.

|  |  |  |
| --- | --- | --- |
|  |  | Rs. |
|  | Site purchase in 1975 value | 33,000 |
| ii) | Market value of sit on 1.4.1981 | 75,000 |
| iii) | Ground floor – cost of construction in 1981 | 1,50,000 |
| iv) | First floor - cost of construction in 1985 | 2,66,000 |
| v) | Sale consideration received in 2014 | 61,00,000 |
| vi) | Investment in new property | 15,00,000 |

Assume that the property being sold and the new property being acquired are both residential:

Index 1985 – 86 - 133, 2014 – 15 – 1024.

(Or)

b) Bring out the rate of tax applicable in respect of individual for the Assessment year 2015 -2016.

1. a) Who are income Tax Authorities – explain.

(Or)

b) Explain the general principles of imposing penalty under the Income Tax Act 1961.

**SECTION – B (3 X15 =45)**

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

1. How residential status of an Individual is determined? Explain.
2. Mr.M is a production manger of an industrial unit in Chennai. The particulars of his salary income are as under:

|  |  |
| --- | --- |
|  | Rs |
| Basic Salary | 15,000 p.m |
| Dearness Allowances  (Given under terms of employment) | 5,000 p.m |
| Entertainment Allowance | 1,000 p.m |
| Medical Allowance | 500 p.m |
| House Rent Allowance | 4,000 p.m |
| Rent paid for the house | 5,000 p.m |

Car of 1.2 Lt Capacity provided by employer for private and official use. Employer meets expenses of car excluding driver salary. He and his employer(each) contribute 15% of salary to recognized Provident fund. Mr.M had taken interest free loan by Rs.15,000 to purchase refrigerator.

Compute income under the head salary for the assessment year 2015 – 16.

1. Explain the various deductions allowed in respect of certain payments while computing Total Income.
2. The following are the particulars of income and loss of an individual under different heads of income. Set- off losses in the Assessment year 2015 – 16 and find out the Net result:

|  |  |
| --- | --- |
|  | Rs |
| Income from house property A | 5,000 |
| Loss form house property B | 8,000 |
| Income from interest on securities | 20,000 |
| Loss from a cycle business | 20,000 |
| Profit from speculation business | 20,000 |
| Loss from short – term capital asset | 6,000 |
| Long – term capital loss | 25,000 |
| Long - term capital gain | 21,000 |

|  |  |  |
| --- | --- | --- |
|  |  | Rs |
|  | Residential house | 40,00,000 |
| ii) | A Farm house -15 km away from the local limits of Kolkata | 10,00,000 |
| iii) | Cars for personal use | 6,00,000 |
| iv) | Jewellery | 14,00,000 |
| v) | Air craft for personal use | 1,50,00,000 |
| vi) | Urban Land [Construction is not permitted under the law] | 10,00,000 |
| vii) | Cash in hand | 1,50,000 |
| viii) | Shops given on rent | 20,00,000 |
| ix) | Gold Deposit Bonds | 10,00,000 |
| x) | Loan taken to purchase the air craft | 50,00,000 |

10. Mr.Jayaram has the following assets and liabilities on the valuation date:

Compute the Net Wealth of Mr.Jayaram.

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