



LOYOLA COLLEGE (AUTONOMOUS), CHENNAI – 600 034

B.Com. DEGREE EXAMINATION – COMMERCE

FIFTH SEMESTER – APRIL 2017

CO 5504- INCOME TAX LAW AND PRACTICE

Date: 20-04-2017
Time: 1:00-04:00

Dept. No.

Max. : 100 Marks

PART- A

Answer ALL Questions:

(10 X 2 = 20)

1. What is Average Rate?
2. Who is a Person?
3. What do you mean by Block of Assets?
4. What are Rebateable Incomes?
5. How do you determine the Annual Value of house property?
6. What will be the previous year in relation to assessment year 2016-17 in following cases:
 - (i) A business keeping its accounts on financial year basis.
 - (ii) A newly started business commencing its operations on 1-1-2016.
 - (iii) A person giving Rs. 1, 00,000 as loan @ 12% p.a. interest on monthly basis on 1-9-2016.
7. A person after about 26 years stay in India left to England in April 2014 and returned to India on 15th February 2016 to take up a salaried appointment. Determine his residential status for the previous year 2015-16.
8. Mr. B receives Rs.72,000 p.a as net salary. Employer has deducted Rs.1,200 p.a. as Employee's contribution to RPF, Rs.4,000 p.a as TDS and Rs.1,200 p.a as professional tax. During the year employer had deducted Rs.3,600 towards the recovery of house rent provided by him. Life insurance premium paid by the employee is Rs.9,000. Determine his gross salary.
9. Mr. S had hired a house of 5 rooms @ Rs. 5,000 p.m. He has sub-let 2 rooms @ the rate of Rs.3,000 p. m to Mr. S. He incurred Rs.5,000 on repairs of the house. He paid Rs.6,000 as Municipal taxes. Calculate his income from sub-letting.
10. Compute taxable income and loss to be C/F:
 - (i). Business profit for the Previous year 2015 – 16 Rs.20,000;
 - (ii). B/F business loss of 2013-14 Rs. 10,000;
 - (iii). Capital loss on shares Rs. 60,000;
 - (iv). Loss from self occupied house u/s 24 Rs. 5,000.

PART- B

Answer any FOUR Questions:

(4 X 10= 40)

11. Explain the salient features of Income Tax in India.
12. Give distinction between Capital losses and Revenue losses.
13. Explain the exempted income under section 10 of ITA, 1961.
14. The following are the incomes of Mr. R. for the previous year 2015 – 16:

Particulars	Amount (Rs.)
Dividend from Indian Company but received in UK	18,000
Pension from former employer for service rendered in India but received in UK	24,000
Profit from business in UK (controlled from Mumbai) Out of this Rs.20,000 received in India	1,60,000
Interest on bonds issued by UK Govt. out of which 50% received in India	40,000
Income from business in Mumbai	80,000
Income from agriculture in Nepal: received there but later on remitted to India	60,000
Income from house property in Pune	20,000
Past untaxed income of 2012-13 to 2014-15 brought to India during 2015-16	4,00,000
Income from house property in UK and donated there to a notified charitable institution	20,000

Compute the taxable income of Mr.R. for the Assessment Year 2016 – 17, if he is:

- (a). Ordinary Resident;
- (b). Not Ordinary Resident;
- (c). Non-Resident.

15. Mr.X retired on 31-12-2015 and his pension was fixed @Rs.3,600 p.m. He get $\frac{3}{4}$ th of the pension commuted for which he received Rs.1,80,000 from his employer a Ltd. Co. Find out the taxable amount of commuted value of pension if :

- (a). he gets gratuity
- (b). he does not get gratuity.

16. From the following particulars given below, compute ARV in each case separately:

Particulars	A (Rs.)	B (Rs.)	C (Rs.)	D (Rs.)
Municipal Valuation (MV)	60,000	48,000	36,000	96,000
Fair Rent (FR)	75,000	60,000	45,000	1,16,000
Standard Rent	-	72,000	42,000	1,15,000
Real rent	69,000	54,000	40,000	1,20,000

17. A new industrial undertaking set up on 1-4-2015 has acquired the following assets as per dates mentioned against each:

Assets	Date Acquisition	Date of use	Cost (Rs)	Rate of Dep.
Machinery	31-3-2015	05-9-2015	6,00,000	15%
Electric Motor	01-7-2015	1-10-2015	78,000	15%
Plant	12-11-2015	15-12-2015	12,00,000	15%

Calculate amount of admissible depreciation and WDV as on 1-4-2016.

PART- C

Answer any TWO Questions:

(2X 20= 40)

18. Define the term "Capital Gain". Discuss the procedure for computation of Capital Gains as prescribed by the ITA, 1961.

19. The following is the profit and loss a/c of a Merchant for the year ending 31-3-2016:

Particulars	Rs	Particulars	Rs
To Office salary	6,500	By GP	36,750
To Bad debts written off	1,700	By Commission	1,250
To Provision for bad debts	3,000	By Discounts	500
To Advertisement	3,800	By Sundry receipts	200
To Interest on capital	2,000	By Rent of building	3,600
To Depreciation	1,200	By Profit on sale of investments	3,000
To Fire insurance premium on HP	550		
To Interest on bank loan due	1,300		
To General expenses	2,750		
To NP	<u>22,500</u>		
	45,300		45,300

Compute the taxable profits from business. The amount of depreciation is Rs.1,000. Interest on bank loan was paid on 1-8-2016. Due date for filling return is 31-7-2016.

20. Mr. M joined a new job on April 2010. His particulars of salary for the PY 2015-16 are as under:

Basic salary Rs.40,000 p. m DA Rs.20,000 p. m (50% enters); other taxable allowances Rs.12,000 p.m

Employer and employee both are required to contribute @12% of employee's salary towards employee's pension scheme. Mr. M's other eligible savings like PF fund, LIC contribution etc are Rs.96,000 p.a. During the year Mr. M contributed an additional amount of Rs.60,000 in NSC-IX issue. Calculate Mr. M's income and deduction u/s 80C, 80 CCD (1), 80CCD(1B) and 80 CCD (2).

21. From the following information compute income from other sources for the AY 2016-17;

Particulars	Amount (Rs)
Equity Dividends (Indian Company)	25,200
Dividends (Preference	12000
Collection charges in respect of Dividends	1% of dividend
Rent from letting out of a building along with P & M	30,000
Depreciation on Buildings	4,000
Insurance on Buildings	1,600
Office Expenses relating to Buildings	1,600
Repairs Rates etc.,	1,600
