

**C. ABDUL HAKEEM COLLEGE (AUTONOMOUS),
MELVISHARAM - 632 509.
SEMESTER EXAMINATIONS, NOVEMBER - 2018**

**B.COM., COMMERCE
U15MCM504 / U14MCM504 – INCOME TAX LAW AND PRACTICE - I**

SEMESTER V

Time: Three Hours

Maximum: 75 Marks

SECTION - A (10 X 2 = 20 Marks)

Answer **ALL** Questions.

1. Define: Person.
2. Define: Resident.
3. Define: Recognized Provident Fund.
4. Define: Gratuity.
5. What is actual rent?
6. Define: Interest on Housing Loan.
7. Define: Business.
8. Explain the term "Block of assets".
9. Write short notes on director general of income tax.
10. Define: Income Tax Inspector.

SECTION - B (5 X 5 = 25 Marks)

Answer **ALL** Questions.

11. a) What are the differences between capital and revenue receipts?
(Or)

b) Mr. B, a married citizen of India left for Germany for the first time on 15-9-2016 on a business trip. He returned to India on 5.6.2017. During his absence from India he maintained a dwelling house for himself in Calcutta. What will be his residential status for the assessment year 2018-19.

12. a) X retires from PQR (p) Ltd., on March 31, 2017. PQR (p) Ltd., pays Rs.8,000 per month as pension but does not pay any gratuity. On the request of X, PQR (p) Ltd., pays Rs.1,00,000 in lieu of commutation of 20% of pension with effect from February 1, 2018. What is the amount of pension which is taxable for the assessment year 2018-19 if his pension is paid on last date of month.

(Or)

b) Mr. Babu retired on 30-11-17 from a coal mine after putting a service of 28 years and 10 months. At the time of his retirement he was getting a salary of Rs.16,000 p.m. and he use to get an increment of Rs.500 p.m. on 1st April every year. His D.A. was Rs.2,000 p.m. Gratuity received Rs.3,40,000. Find out his taxable gratuity, if he is covered under Gratuity Act, 1972.

13. a) Compute the annual rental value for the previous year 2017-18 from the particulars given below:

MRV	Rs.84,000
FRV	Rs.90,000 p.a
SR	Rs.87,000
Real rent	Rs.8,000 p.m.
Unrealised rent	Rs.4,000
Date of completion	31-07-2017
Date of letting	01-10-2017.

(Or)

b) Compute the income from house property from information given below:

Municipal rental value Rs.18,000

Rent received during the year Rs.24,000

Municipal taxes (50% paid by tenant) Rs.1,800 p.a.

Expenses incurred on repairs:

i) by owner Rs.3,000 ii) by tenant Rs.3,000

Collection charges Rs.1,000 Date of completion of house 1-6-1998.

14. a) To what extent the following are allowed as deductions in computing the income of business carried on by A:

i. Entertainment expenditure incurred during the previous year ending 31-3-2018 is Rs.50,000

ii. Daily allowance given to Mr. Mohan, an employee is at the rate of Rs.2,000 per day. He was on tour for 5 days and was given Rs.10,000 as daily allowance during previous year 2017-18.

iii. Ten items were presented during previous year 2017-18 on advertisement each costing Rs.2,000.

iv. Income tax deposited in advance during the previous year 2017-18 amounted to Rs.10,000.

(Or)

b) A small scale industrial undertaking engaged in manufacturing of dyes and forgings submits the following information.

	Rate	Rs.
I. Motor Car and Jeeps	15%	1,60,000
II. P&M block	15%	

a) Machinery for forge shop	5,20,000
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b) Machinery for machine shop	96,000
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c) Air conditioners	15%
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For Factory	74,000
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For Office	40,000
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For Guest House	18,000
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III. Typewriters and office appliances	15%	6,000
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IV. Furniture and fittings	10%	24,000
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All these items were installed on 7th June 2017. Compute the amount of depreciation.

15. a) What are the powers of the commissioner of income tax in regard to search and seizure?

(Or)

b) Explain the powers of joint directors of income tax.

SECTION - C (3 X10 = 30 Marks)

Answer **ANY THREE** Questions.

16. From the following particulars of income of K.K. Katyal for the previous year 2018-19 you are requested to compute his taxable income assuming Mr. Katyal as:
- Ordinary Resident
 - Resident but not Ordinary Resident
 - Non-Resident.
- Profit earned from business in Delhi Rs.44,000
 - Profit of a business established in UK but controlled from India – amount deposited in Bank there Rs.20,000
 - Salary received in UK for services rendered in India Rs.10,000
 - Profit from business in Nepal and controlled from there but received in India Rs.12,000
 - Income from house property in UK received in India Rs.4,000
 - Income from house property in Nepal Rs.5,000
 - Past untaxed foreign income brought into India during the year Rs.5,000.
17. Mr. P. Chaudhary is employed in a firm at Kolkata and he furnishes the following particulars of his income for the assessment year 2018-19:
- Salary received after deduction of his own contribution to RPF and income tax at source Rs.2,10,000
 - Income tax deducted at source Rs.9,000
 - Own contribution to RPF Rs.21,000
 - Employer's contribution to RPF Rs.21,000
 - D.A at 50% of first Rs.40,000 and 25% of the remaining basic salary per year.
- Interest credited to RPF @ 12% p.a. Rs.12,000
 - House rent allowance per annum (Rent paid Rs.5,000 p.m.) Rs.48,000
 - Reimbursement of medical expenses for eye surgery of his wife (notified decease) (Hospital is notified) Rs.62,000
 - Free refreshment during working hours Rs.9,600
 - Free services of sweeper and watchman – salary paid by employer is Rs.600 p.m. and Rs.9,600 p.a. respectively.
 - Free lunch during office hours, the cost of which is established at Rs.200 per meal for 300 days.
 - Conveyance allowance (He does not spend anything) Rs.24,000
 - Premium paid on his life policy of Rs.1,70,000. He got LIC policy on 10.8.2015 Rs.20,000. Compute his salary income.
18. Mr. B owns a house property at Cochin. It consists of three independent units and information about the property is given below:
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|---|--|
| Unit I: Own Residence | |
| Unit II: Let out | |
| Unit III: Own business | |
| MRV Rs.1,20,000 p.a. | |
| FRV Rs.1,32,000 p.a. | |
| Standard Rent Rs.1,08,000 p.a. | |
| Rent Rs.3,500 p.m. | |
| Unrealised Rent for three months | |
| Repairs Rs.10,000 | |
| Insurance Rs.2,000 | |
| Interest on money borrowed for the construction of property Rs.96,000 | |
| Municipal Taxes Rs.14,400 | |
| Date of Completion 1.11.1998. | |

19. Following is the profit and loss account of Kesari Malya for the previous year 2017-18.

PROFIT AND LOSS ACCOUNT

To Salaries	25,650	By Gross profit	80,000
To Rent	1,000	By Bank interest	450
To Commission on sales	100	By Bad debts recovered (last year allowed)	2,000
To Income Tax	2,600	By Rent from house property	4,800
To Entertainment expenses	600	By Interest on commercial securities	2,000
To Commission paid to collect interest on securities	25		
To Embezzlement by cashier	1,000		
To Municipal tax of HP	600		
To Bad debts(allowed)	450		
To Repairs to house	1,625		
To Office expenses	9,180		
To Depreciation	5,000		
To LIC premium	1,320		
To Net profit	40,100		
	89,250		89,250

Depreciation on the assets is Rs.4,500. Compute the taxable business income for the assessment year 2018-19.

20. Explain the powers of assessing officer.
