

THIRD SEMESTER M.Com. DEGREE EXAMINATION, DECEMBER 2016

(CUCSS)

MC 3C 12—INCOME TAX LAW AND PRACTICE

(2015 Admissions)

Time : Three Hours

Maximum : 36 Weightage

Part A*Answer all the questions.**Each question carries 1 weightage.*

1. Define the term Person.
2. Define the term Allowances.
3. How do you exempt House Rent Allowance ?
4. Write a short note on Assessment of Trusts.
5. Explain Recovery of Tax.
6. Explain Self assessment.

(6 × 1 = 6 weightage)

Part B*Answer any six of the following.**Each question carries 3 weightage.*

7. Give any four examples of fully exempted perquisites ?
8. What are the Pros and Cons of Hindu Undivided Family under the income tax law ?
9. Distinguish between revenue expenditure and capital expenditure.
10. What are the provisions of relating to deduction of tax at source from income chargeable under the head "Salary".
11. What is the procedure for claiming refund ?
12. Following are the incomes of Shri. Amaranth for the financial year 2014-15 :
 - (a) Interest on Savings Bank Deposit in Allahabad Bank, Delhi ... 1,200
 - (b) Income from agriculture in Africa invested in Nepal ... 10,000

Turn over

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| (c) Dividends received in U.K. from an American Company out of which Rs. 2,000 were remitted to India | ... 10,000 |
| (d) Salary income for three months for working in Indian Embassy's Office in Australia and salary received there | ... 72,000 |
| (e) Income from house property (The building is situated in Pakistan, out of which Rs. 10,000 deposited in a bank in Pakistan and the balance remitted to India) | ... 15,000 |
| (f) Pension income in Belgium for services rendered in India with a limited company | ... 20,000 |

You are required to compute his gross total income for the assessment year 2015 if he is (a) A resident, (b) Not ordinarily resident, and (c) A non-resident.

13. Mr. Jai had the following income during the previous year 31.3.2011.

- (a) Salary received in India for three months Rs. 9,000.
- (b) Income from house property in India computed Rs. 13,470.
- (c) Interest on Savings Bank Deposits in SBI Rs. 1,000.
- (d) Amount brought into India out of the past untaxed profits earned in Germany Rs. 20,000.
- (e) Income from Agriculture in Indonesia being invested in India Rs. 12,350.
- (f) Income from Business in Bangladesh, being controlled from India Rs. 10,150.
- (g) Dividends received in Belgium form French companies out of which Rs. 2,500 were remitted to India Rs. 23,000.

You are required to compute his total in come for the assessment year 2011-12, if he is :

- (i) Resident.
- (ii) Not ordinary resident.
- (iii) Non resident.

14. Mr. Reddy retires from private service on 30th April 2014 and his pension has been fixed at Rs. 6000 p.m. He gets $\frac{1}{2}$ of his pension commuted and gets Rs. 3,00,000. He also received Rs. 1,50,000 as gratuity. He gets his pension commuted during January 2005. In all cases pension becomes payable on 1st day of each month. Calculate taxable pension for the year 2014-15.

(6 × 3 = 18 weightage)

Part C

Answer any **two** of the following.
Each question carries 6 weightage.

15. Mr. Rahul furnished the following information about his salary income

- (a) Salary received Rs. 1,25,000.
- (b) Tax deducted at source Rs. 5,000.
- (c) Own contribution to RPF Rs. 25,000.
- (d) Employer's contribution RPF Rs. 25,000.
- (e) Interest credited to RPF at 15 % Rs. 3,000.
- (f) He is provided with a furnished free quarters for residential propose in Kolcutta by his employer. The actual rent of which is at Rs. 5,000 p.m. Cost of furnishing is Rs. 65,000. Gardeners salary paid by employer is Rs. 3,000 p.a
- (g) He is provided with a car of 16 H P. with driver.
- (h) Deposit in public provident fund Rs. 15,000.

Compute his taxable salary income for the Assessment year 2015-16

16. Compute the net wealth and tax liability of assessment year 2014-15 of Sona Jewels which is engaged in jewellery business. Following are the particulars of assets on 31st March, 2014 :

Factory building (W.D.V)	...	80,00,000
Bank balance	...	15,00,000
Unaccounted cash	...	5,20,000
Silver ware	...	56,00,000
Gold jewellery	...	54,00,000
Car (W.D.V.)	...	10,00,000
Farm House within municipal limit	...	25,00,000
Guest house in Britain	...	90,00,000

The market value of car is Rs. 15 lakhs. The assessee has raised a loan of Rs. 50,00,000 from a bank by Mortgaging guest house. The loan was utilised to construct factory building.

Turn over

17. Mr. Sanjay purchased a plot in 1984-85 (CII : 125) for Rs. 5,00,000 and constructed Building in 1997-98 (CII : 331) for Rs. 3,31,000. He sold it for Rs. 25,00,000 in August 2002 (CII : 447) and constructed a house at a cost of Rs. 10,00,000. Cost of selling expense Rs. 5,000. Find out the Capital Gain.

(2 × 6 = 12 weightage)