

THIRD SEMESTER M.Com. DEGREE EXAMINATION, DECEMBER 2018

(CUCSS—PG)

M.Com.

MC 3C 12—INCOME TAX LAW AND PRACTICE

(2015 Syllabus Year)

Time : Three Hours

Maximum : 36 Weightage

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

1. What is clubbing of incomes ?
2. What is agricultural income ?
3. What are the basic conditions for assessment of HUF ?
4. When a person becomes liable to pay advance tax ?
5. Explain deduction u/s 80E.
6. What is a defective or incomplete return ?

(6 × 1 = 6 weightage)

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

7. When property income is not charged to tax ?
8. Explain the procedure for computing long-term capital gain.
9. What are the conditions a firm should fulfil u/s 184 ?
10. Who has to submit return of income on voluntary basis as a statutory obligation ?
11. Mr. Ghosh retires on 31-10-2016 after 20 years of service and received Rs. 1,80,000 as leave encashment for 12 months. His employer allows him $1\frac{1}{2}$ months of leave for every year of service. He has already encashed leave for 18 months. His salary for 2015-16 was Rs. 15,000 and from 1-4-2016 it was raised to Rs. 16,000 p.m. Compute the taxable amount of leave encashment.

Turn over

12. Mr. Vasudev purchased a house at Udipi in 1976 for Rs. 50,000. He incurred the following expenses for the improvement of house :

Renovation of the house Rs. 25,000.

Addition of 2 rooms after one year Rs. 20,000

The fairmarket value of the house on 1-4-1981 was Rs. 1,10,000. He sold the house in May 2016 for Rs. 17,00,000 and purchased another house property within two months for Rs. 3,00,000 and invested Rs. 50,000 in Capital Gain Deposit Scheme to buy another house.

Compute the taxable amount of capital gain if CII for 1981-82 is 100 and for 2016-17 is 1125.

13. From the following particulars compute the total income of Mr. David for the Assessment Year 2017-18 :

Income from house property (–) Rs. 8,000.

Short term capital gain on sale of shares Rs. 95,000.

Long term capital loss on sale of bonds (–) Rs. 85,000.

Interest on Government securities Rs. 18,000.

The assessee has unabsorbed depreciation of Rs. 35,000 being brought forward from 2015-16. Assessee had closed the business and all the assets have been disposed of.

14. Shri Anil earned gross total income of Rs. 5,00,000 in the previous year 2016-17 and made the following donations during the year :

(a) Rs. 10,000 to Chief Minister's Earthquake Relief Fund, Gujarat.

(b) Rs. 15,000 to National foundation for communal harmony.

(c) Rs. 20,000 to Municipal corporation approved for promotion of family planning.

(d) Rs. 45,000 to approved institutions.

(e) Rs. 20,000 to Swachh Bharat Kosh.

Compute the amount of deduction admissible to him u/s 80 G for the Assessment Year 2017-18.

(6 × 3 = 18 weightage)

Part C

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

15. Mr. Krishna owns a residential house in Delhi. The house is having two identical units. First unit of the house is self-occupied by Mr. Krishna and another unit is rented for Rs. 12,000 p.m. The rented nit was vacant during the year. The particulars of the house for the previous year 2016-2017 are as under :

Standard Rent	...	Rs. 2,00,000 p.a.
Municipal Valuation	...	Rs. 2,44,000 p.a.
Fair rent	...	Rs. 2,35,000.
Municipal tax paid by Mr. Krishna	...	12 % of the Municipal Valuation .
Light and water charges	...	Rs. 800 p.m.
Interest on borrowed capital	...	Rs. 2,000 p.m.
Insurance charges	...	Rs. 3,500 p.a.
Painting expenses	...	Rs. 16,000 p.a.

Compute income from house property of Mr. Krishna for the Assessment Year 2017-2018.

16. From the following information of Mr. Mohit for the financial year 2016-2017 you are required to compute his total income for the financial year 2016-17 and ascertain the amount of losses which will be carried forward to next year.

	Rs.
(i) He owns two houses :	
House No. 1 - Income after all statutory deductions	... 80,000
House No. 2 - Current year loss	... 38,000
(ii) He has three proprietary business concerns :	
(a) Textile business :	
Discontinued from 30-9-2016 - Current year's loss	... 40,000
Brought forward loss of assessment year 2013-14	... 95,000
(b) Chemical Business -since discontinued	
Bad debts allowed in earlier years recovered during the year	... 35,000
Brought forward business loss of A.Y. 2015-16	... 50,000
(c) Leather Business	
Profit for the current year	... 1,00,000
(d) Share of Profits in a firm in which he is partner since 2005	... 16,550
(iii) Short term capital gains	... 60,000
Long-term capital loss	... 35,000
(iv) Contribution to LIC towards premium	... 10,000

Turn over

17. The business income of M/S MSA and Co. a firm was Rs. 4,64,800 before charging the following :

	Rs.
Salary to Partner M ...	1,20,000
Salary to Partner S ...	90,000
Commission to A ...	1,60,000
Interest @ 15 %	
to M ...	24,500
to S ...	16,000

The partnership deed (whose certified copy has been submitted along with return) provides for payment of salary and commission to partners. Interest @15% has also been included in the deed.

Calculate firm's business income.

(2 × 6 = 12 weightage)