

**THIRD SEMESTER M.Com. DEGREE (REGULAR) EXAMINATION
NOVEMBER 2019**

M.Com.

MC3C12—INCOME TAX LAW AND PRACTICE

Time : Three Hours

Maximum : 36 Weightage

Part A

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

1. What is Set off and carry forward of losses ?
2. How HRA exemption is claimed.
3. Mention deduction u/s 80P.
4. What are belated returns ?
5. What is Self Assessment ?
6. What are deductions u/s24 ?

(6 × 1 = 6 weightage)

Part B

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

7. Enlist the circumstances when clubbing provisions apply.
8. Explain the deduction in the case of a person with disability.
9. Discuss the procedure for computing book profit of a firm.
10. What are cases where PAN is required to be furnished ?
11. What are the perquisites taxable in the hands of specified assessee ?
12. What is the residential status of an individual who came to India for the first time in 2014-15 and who was in India as follows :

<i>Previous years</i>	...	<i>Presence in India</i>
2016-17	...	185 days
2015-16	...	15 days
2014-15	...	26 days

Determination of residential status.

Turn over

13. John has four children consisting 2 daughters and 2 sons. The annual income of 2 daughters were Rs. 9,000 and Rs. 4,5000 and of sons were Rs. 6,200 and Rs. 4,300, respectively. The daughter who has income of Rs. 4,500 was suffering from a disability specified u/s 80U.

Compute the amount of income earned by minor children to be clubbed in hands of John.

14. The business income an individual for the assessment year 2017-18 has been determining by the Assessing Officer at Rs. 1,50,000. Later, it is found that he has not considered the following while determining the income :

- (a) Depreciation for the current year Rs. 12,000.
- (b) Unabsorbed depreciation brought forward Rs. 15,000.
- (c) Unabsorbed business loss carried forward from assessment year 2016-17 Rs. 3,000

Determine the total income 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. Sibi is employed with XY Ltd. On a basic salary of Rs. 10,000 p.m. He is also entitled to dearness allowance @ 100 % of basic salary, 50 % of which is included in salary as per terms of employment. The company gives him house rent allowance of Rs. 6,000 p.m. which was increased to Rs. 7,000 p.m. with effect from 01-01 -2017. He also got an increment of Rs. 1,000 p.m. in his basic salary with effect from 01-02-2017. Rent paid by him during the previous year 2016-17 is as under:

April and May, 2016 - Nil, as he stayed with his parents. June to October, 2016 - Rs. 6,000 p.m. for an accommodation in Coimbatore. November 2016 to March 2017 - Rs. 8,000 p.m. for an accommodation in Chennai. Compute his gross salary for assessment year 2017-18.

16. A firm which consists of P, Q, R as partners has submitted its authenticated copy of partnership deed to the Assessing Officer along with its return submits following information:

(A) Net profit Rs. 90,000 after debiting the following :

Salary to P Rs. 1,20,000.

Salary to Q Rs. 60,000.

Interest on Capital @ 13 %

To P Rs. 19,000

To Q Rs. 9,500

To R Rs. 7,600

Donation to National Foundation for communal Harmony Rs. 4,000.

(B) Interest on Government Securities Rs. 15,000

(C) Income from House Property (Computed) Rs. 24,000

(D) Interest on Bank Deposits Rs. 6,000.

Compute firm's total income if the instrument of partnership provides for payment of salary to P Rs. 1,20,000 and Q Rs. 60,000. Also compute firm's tax for the assessment year 2017-18.

17. Compute income from other sources of Mr. Muthuraj who held the following investments during the previous year 2016-17.

(a) Rs. 11,000, 10 % Central Govt. Securities.

(b) Rs. 36,000, 10 % Tax-free commercial securities of a closely held company.

(c) Rs. 6,300 received as interest on Tax free public limited company securities (listed).

(d) Rs. 7,200 received interest on Kerala Govt. Securities.

(e) Rs. 4,000 received as interest on debentures of Deepak Fertilisers (Listed).

(f) Rs. 30,000, 13.5 % securities of Paper Mill Co. (Listed).

(g) Rs. 35,000, 11 % securities of BN Co. (Listed).

(h) Rs. 10,000, 15 % Jaipur Municipal Corporation bonds.

(i) Dividend from Carona Ltd. Rs. 4,000

(j) During the year he also got a prize in Karnataka State Lottery. The net amount received by him was Rs. 35,000.

Interest on all securities is payable on 1st January every year. Bank charged Rs. 200 as collection charges.

(2 × 6 = 12 weightage)