Reg.No. \_\_\_\_\_\_\_\_\_\_\_\_

G:\logo and QP Template\logo 3 Feb 2018 final.tif

**End Semester Examination – Nov/Dec – 2018**

|  |  |  |  |
| --- | --- | --- | --- |
|  |  | |  |
| **Code:** | **17BC2020** | **Duration** : | **3hrs** |
| **Sub.Name:** | **INCOME TAX LAW AND PRACTICE** | **Max. marks :** | **100** |

**ANSWER ALL QUESTIONS (5 x 20 = 100 Marks)**

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
| **Q. No.** | **Sub Div.** | **Questions** | **Course**  **Outcome** | **Marks** |
| 1. | a. | Define a person u/s 2(31). | CO1 | 10 |
| b. | State whether the following are capital or revenue nature.   1. Cost of Acquisition and installation of fixed asset. 2. Expenditure incurred in raising loan. 3. An expenditure incurred for the purpose of increasing the earning capacity. 4. A reward given to the employee in consideration of his good service. 5. Loss sustained on account of embezzlement done by an employee. | CO1 | 10 |
| (OR) | | | | |
| 2. | a. | The following are the particulars of income of Mr. X for the previous year 2017-18:  **Rs.**   |  |  | | --- | --- | | 1. Rent from a property in Delhi received in USA | 80,000 | | 1. Income from a business in USA controlled from Delhi | 1,20,000 | | 1. Income from a business in Bangalore controlled from USA | 1,80,000 | | 1. Rent from a property in USA received there but subsequently remitted to India | 60,000 | | 1. Interest from deposits with an Indian company received in USA | 20,000 | | 1. Profit for the year 2016-17 of a business in USA remitted to India during 2017-18 (not taxed earlier) | 75,000 | | 1. Gifts received from his parents | 45,000 |   Compute his income for the Assessment year 2018-19 if he is:  i) Resident and ordinarily resident in India . ii) Resident but not ordinarily resident in India. iii) Non- resident in India. | CO2 | 10 |
| b. | What is the residential status of Mr. A for the Assessment Year, 2018-19, who was in India as follows:   |  |  | | --- | --- | | **Previous Year** | **Presence in India** | | 2017-18 | 182 days | | 2016-17 | 55 days | | 2015-16 | 28 days | | CO2 | 10 |
|  |  |  |  |  |
| 3. | a. | R gives the particulars of different transactions affecting his assessment for the previous 2017-18 as below:   1. In June, 2017 he had settled the income in respect of shares on his son irrevocable, he himself to be the income (gross) from such shares accrued to his son amounted to Rs. 1,35,000. The settlement was done for a period of ten years 2. R settles marriage of his son A with B on 10 July 2016 and soon after gifted Rs. 1,50,000 to B, the would be daughter in law. The marriage was celebrated in 10 July 2016. Income from this accruing to B amounted to Rs. 20,000. 3. R is working as the Director of Himalaya Co. Ltd ., and received Rs. 1,50,000 as remuneration. He did any shares in the company. However, his wife holds 30% of shares of the company in her own name bought out of her own money.   R’s other income is Rs. 2,00,000 and Mrs. R’s other income is Rs. 50,000. Discuss how the above transactions will be treated in the assessment of R’s income tax. | CO2 | 10 |
| b. | Mr. S submits the following particulars for the assessment year 2018-19. Compute his gross total income.   |  |  | | --- | --- | |  | **Rs.** | | Salary from DSBLL Ltd.(computed) | 4,50,000 | | Profit from agency business | 1,34,000 | | Loss from cloth business | 50,000 | | Loss from short-term capital assets | 20,000 | | Loss from speculation in silver | 60,000 | | Winning from lottery | 1,50,000 | | Casual income | 10,000 | | Interest on securities (gross) | 20,000 | | CO3 | 10 |
| (OR) | | | | |
| 4. | a. | Explain the provisions for deduction u/s 80CCG, 80D, 80DD, 80DDB, and 80E. | CO1 | 10 |
| b. | Mr. P ,(Resident) is employed by the Central Government since 2008. He submits the following particulars of his income and expenditure for the P.Y 2017-18. Compute his total income.   1. Income from salary Rs. 5,00,000 2. Income from other source Rs. 2,00,000 3. Contribution towards PPF Rs.70,000 4. Deposit in notified annuity plan of LIC Rs. 5,000 5. Own contribution towards NPS Rs. 60,000 and employer’s contribution NPS is Rs. 50,000. | CO3 | 10 |
|  |  |  |  |  |
| 5. | a. | From the following informations compute Gross Income Tax for Assessment Year 2018-19 of Mrs.F (resident).   |  |  | | --- | --- | | 1. Gross Salary | 3,00,000 | | 1. Interest earned on N.S.C | 8,000 | | 1. Interest on Bank fixed Deposit | 52,000 | | 1. Expenses on rehabilitation of handicapped son | 10,000 | | 1. Deposited in R.P.F | 15,000 | | 1. L.I.C Premium paid | 5,000 | | CO2 | 10 |
| b. | Give the format of Total Income and Tax Liability for the Assessment of an individual. | CO1 | 10 |
| (OR) | | | | |
| 6. | a. | List out the steps involved in the calculation of Alternative Minimum Tax. | CO1 | 10 |
| b. | P,Q & R are partners in a firm assessed as firm sharing profits & losses equally. The firm’s profit & loss account for the year ended 31st March 2018 showed a Net Profit of Rs. 2,00,000 after debiting the following:   1. Salary of Rs. 10,000 paid to R. 2. Commission to Q Rs. 5,000. 3. Donation to NDF Rs. 15,000.   The amount of Net Profit includes Rs. 10,000 interest on Government Securities, All the partners are working partners. Compute Firm’s Business Profits for the Assessment Year 2018-19. | CO3 | 10 |
|  |  |  |  |  |
| 7. |  | Discuss the various deductions to be made while computing Total Income. | CO2 | 20 |
| (OR) | | | | |
| 8. |  | The total income of a company is Rs. 5,78,000 out of which Long Term Capital Gain is Rs.33,000 and Income from Business is Rs 5,45,000. The Book Profits of the company is Rs. 10,00,000. Compute the tax liability. | CO2 | 20 |
|  | |  |  |  |
|  | | **Compulsory**: |  |  |
| 9. | a. | Mr. M (age 45 years is working as assistant in the Marketing Department of TTD Ltd. Bangalore. His salary income details are as follows:  Basic salary Rs. 15,000 p.m.  Dearness allowance Rs. 5,000 p.m.  Dearness pay Rs. 2,000 p.m.  Commision Rs. 45,000.  Entertainment allowance Rs.700 p.m. (6,000 spent on entertainment during the year)  House Rent allowance Rs. 7,500 p.m.(Rent paid Rs. 9,000 p.m)  Compute taxable salary for the Assessment Year 2018-19. | CO3 | 10 |
| b. | Calculate ARV of Mr. J (resident) from the particulars given below:   |  |  | | --- | --- | | MRV | Rs. 90,000 | | FRV | Rs. 88,000 | | Standard Rent | Rs. 70,000 | | Annual Rent | Rs. 96,000 |   During the previous year 2017-18 the assessee could not realize rent for three months. | CO3 | 10 |