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



**End Semester Examination – Nov / Dec – 2019**

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| **Code :** | **18PA2009** | **Duration :** | **3hrs** |
| **Sub. Name :** | **INCOME TAX** | **Max. Marks :** | **100** |

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

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| **Q. No.** | **Sub Div.** | **Questions** | **Course**  **Outcome** | **Marks** |
| 1. | a. | Kimono, a Japanese national discloses the following particulars of his income during Previous Year 2018-2019.   1. Income from house property in Japan, remitted by tenant to him in India Rs.4,00,000 through State Bank of India 2. Loss from business in India Rs.3,00,000 3. Profits from speculation business in India Rs.2,00,000 4. Profit from business in Japan, controlled and managed from India but Rs. 20,00,000 being received in Japan 5. Interest received on bonds of Indian companies outside India Rs.1,45,000 6. Net dividends received from Japanese companies outside India Rs.2,35,000 (tax deducted at source Rs. 15,000) 7. Interest received on compensation of land, acquired by Government Rs. 60,000 of India during the Previous Year 2018-19   Determine his Gross Total Income for the Previous Year 2018-2019 in the following cases:  (i) He is Resident and Ordinarily Resident during the Previous Year;  (ii) He is Resident but not Ordinarily Resident during the Previous Year;  (iii) He is Non Resident during the Previous Year. | CO3 | 10 |
| b. | Amal Kumar, an Indian citizen, is posted in the Indian High Commission at Nairobi during the Previous Year 2015-16. His emoluments consist of Basic Pay of Rs.1,50,000 per month and overseas allowance of Rs.60,000 per month. Besides, he is entitled to and from journey to India and also use Government’s car at Nairobi. He has no taxable income except salary income stated above. Compute tax liability if he is a non-resident during the Previous Year 2018-19. Compute tax liability if he is a non-resident during the Previous Year 2018-19. | CO3 | 10 |
| **(OR)** | | | | |
| 2. | a. | Calculate the perquisite value of the expenditure on medical treatment, which is assessable in the hands of an employee of a company, inclusive of the conditions to be satisfied:  Gross Total Income, inclusive of salary Rs. 2,00,000  (i) Amount spent on treatment of the employee’s wife in a hospital maintained by the employer Rs.20,000  (ii) Amount paid by the employer on treatment of the employee’s child in a hospital Rs. 14,000  (iii) Medical insurance premium reimbursed by the employer on a policy covering the employee, his wife and dependent parents Rs.7,000  (iv) (i) Amount spent on medical treatment of the employee outside India Rs.2,50,000 (ii) Amount spent on travel and stay abroad Rs.90,000  (v) Amount spent on travel and stay abroad of attendant Rs.60,000. | CO3 | 10 |
| b. | Amit was employed with Z Ltd. He retired w.e.f. 1.2.2018 after completing a service of 24 years and 5 months. He submits the following information: Basic Salary : Rs.5,000 per month ( at the time of retirement) Dearness Allowance : 100% of Basic Pay (60% of which forms part of salary for retirement benefits). Last increment : Rs.500 w.e.f. 1st July, 2018.  His pension was determined at Rs.3,000 per month. He got 50% of the pension commuted w.e.f. 1.3.2018 and received a sum of Rs.1,20,000 as commuted pension. In addition to this, he received a gratuity of Rs.1,50,000 and leave encashment amounting to Rs.56,000 on account of accumulated leave of 240 days. He was entitled to 40 days leave for every year of service. Compute his Gross Salary for Assessment Year 2018-19 assuming that he is not covered under Payment of Gratuity Act. | CO3 | 10 |
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| 3. | a. | Dr. (Ms) Priyanka is the owner of a big house consisting of three units. Unit I consist of 40% area and Unit II and III are equal dimension, each occupying 30% area. The construction of house was completed on 1st April 2009 at a cost of Rs.10,00,000. The municipal value of the house for the Previous Year 2015-16 has been fixed at Rs.2,00,000. Municipal Taxes have been levied and paid @ 15% of rateable value. The rent under the Rent Control Act is Rs.1,50,000. Unit I is let out @ Rs.10,000 p.m. for residential purposes. Unit II is self-occupied. Unit III is used by her for her professional purposes. The tenant did not pay two months rent and conditions of Rule 4 are satisfied. She paid ground rent Rs.9,000; interest on loan, taken during 2005- 2006 for the construction of the house and payable during the PY 2015-2016 Rs.1,50,000; insurance premium, Rs. 6,000. She spent Rs. 30,000 on repair of the house. Depreciation for the clinic portion is Rs. 15,000. Her gross receipt from professional during the Previous Year 2015-2016 amounted to Rs. 5,00,000. Compute her Gross Total Income for the Assessment Year 2016-2017. | CO3 | 10 |
| b. | Mr. Ranjit Sinha is employed with HUD Co. Ltd. @ Rs.25,000 p.m. He is the owner of a house property construction of which was completed on 1st April 2006. Since then, it has been in his self-occupancy for residential purposes. The particulars in respect of the house for financial year 2015-2016 are given below:  Municipal Valuation Rs.2,00,000 Municipal tax paid 20,000 Ground rent outstanding Rs.5,000 Insurance premium paid 3,000 Interest on loan, taken on 1-6-2014 for renovation of the house, is Rs.75,000 for the year 2015-2016. However, he could pay only, Rs. 45,000 during the year. He is transferred in February 2016 to the Nagpur Branch of the Company. He intends to allow his sister to occupy the house free of rent in his absence. He seeks your advice in this connection. Compute his total income for AY 2016-2017. | CO3 | 10 |
| **(OR)** | | | | |
| 4. | a. | Kalpataru Power Projects is a power generating unit. On 1.4.2013, it purchased a plant of Rs. 50,00,000, eligible for depreciation @15% on SLM. Compute balancing charge or terminal depreciation assuming the plant is sold on 21.4.2015 for : (a) Rs. 8,50,000 (b) Rs.32,00,000 (c) Rs. 45,00,000 (d) Rs.52,00,000. (Ignore the provision of additional Depreciation) | CO3 | 10 |
| b. | X Ltd., is a company engaged in the business of growing, manufacturing and selling of tea. For the accounting year ended 31st March, 2015, its composite business profits, before an adjustment under section 33AB of the Income-tax Act, were Rs.60 lakhs. In the year, it deposited Rs.25 lakhs with NABARD. The company has a business loss of `10 lakhs brought forward from the Previous Year. The company withdrew in February, 2015 Rs.20 lakhs from the deposit account to buy a non-depreciable asset for `18 lakhs and could not use the balance before the end of the accounting year. The withdrawal and the purchase were under a scheme approved by the Tea Board. The non-depreciable asset was sold in November, 2015 for Rs.29 lakhs. Indicate clearly the tax consequences of the above transactions and the total income for the relevant years. | CO3 | 10 |
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| 5. | a. | Ayan has two motor cars which are used by him exclusively for his personal purposes. The cost of the cars was Rs.6,50,000 and Rs. 8,00,000. The first car was transferred by him on 15.1.2016 to a firm in which he is a partner as his capital contribution. The market value of the car as on 15.1.2016 is Rs.5,00,000, but it was recorded in the books of account of the firm at Rs.6,00,000. Compute the Capital Gain if any, chargeable for the A.Y. 2016-17. | CO3 | 10 |
| b. | A firm consists of 3 partners X, Y & Z. Z retires from the firm on 15.10.2015. His capital balance and the profits till the date of retirement stood at Rs.16 lacs. The firm transferred its land to Z in settlement of his Account. The market value of the land as on that date was Rs.30 lacs. The land was acquired by the firm on 1.5.93 for Rs.4 lacs. Compute the Capital Gains in the hands of the firm. | CO3 | 10 |
| **(OR)** | | | | |
| 6. | a. | ABC Ltd. purchased a building for an industrial undertaking on 1.1.08 for Rs.5 lacs. Prior to this the company had taken this building on rent for the last 3 years and was using it for its industrial activities. There is no other building in the block. This property was compulsorily acquired by the State Government on 16.7.15 and a compensation of Rs.7 lacs was given to the company on 31.3.16. The company purchased another building for shifting its Industrial undertaking for Rs.4 lacs on 20th November 2016. Compute the Capital Gain for the Assessment Year 2016-17. Rate of Dep. of Building 5%. | CO3 | 10 |
| b. | V. G. had placed a deposit of Rs.10 Lakhs in a bank on which he received interest of Rs.80,000. He had also borrowed Rs. 5 Lakhs from the same bank on the security of the deposit and was liable to pay Rs. 50,000 by way of interest to the bank. He therefore offered the difference between two amounts of Rs.30,000 as income from other sources. Is this correct? | CO3 | 10 |
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| 7. | a. | Shrey purchased in 2004, 10,000 Shares of Hero Ltd. for Rs. 5 Lakhs by borrowing money from a bank. He holds them as ‘Investments’. He received dividend during the Previous Year 2015‑16. He has paid interest of Rs.85,000 on the loan to the bank during the Previous Year. Please advise Shrey, how should he deal with these facts in computing his income? | CO3 | 10 |
| b. | Briefly explain the rate of deduction under [Section 80C(1)]. | CO1 | 10 |
| **(OR)** | | | | |
| 8. | a. | Mr. X furnishes the return of income for the financial year 2015-2016. His total income (nonagricultural) is Rs.12,10,000 and net agricultural income is Rs. 1,90,000. Compute the amount of tax payable by Mr. X for the Assessment Year 2016 -2017. | CO3 | 10 |
| b. | The books of account maintained by a National Political Party registered under the Representation of the People Act, 1951 for the year ended on 31-3-2016 disclose the following receipts:  (a) Rent of property let out to a departmental store at Chennai Rs.10,00,000  (b) Interest on deposits other than banks Rs.2,00,000  (c) Contribution from 100 persons (who have secreted their names) of Rs.33,00,000 Rs. 33,000 each  (d) Contribution @ Rs.22 each from 1,00,000 members in cash Rs.22,00,000  (e) Net Profit of cafeteria run in the premises at Delhi Rs.3,00,000 Compute the total income of the political party for the Assessment Year 2016-2017, with reason for inclusion or otherwise. | CO3 | 10 |
|  | | **Compulsory**: |  |  |
| 9. |  | M, resident in India, furnishes the following particulars of his receipts and outgoings during the Previous Year 2015-2016. Receipts:   1. Income from Salary Rs.2,00,000 2. Income from House Property Rs.3,00,000 3. Gross winning from crossword puzzle Rs.3,50,000 Outgoing :   (i) Contribution to LIC annuity plan Rs.15,000.  (ii) Medical insurance premium:  (a) For himself Rs.4,000  (b) His wife, not dependent Rs.3,000  (c) Mother, non-resident, 67 years, dependent Rs.5,000  (d) Nephew, wholly dependent with disability Rs. 3,000  (e) Grandson, dependent Rs.2,000  (iii) Expenditure on medical treatment and maintenance of the nephew referred to Rs.30,000  (iv) Medical treatment for grandson, suffering from a disease specified under Rs.50,000 Income-tax Rules.  (v)Donation to Gujarat Government for family planning Rs.50,000  (vi) Scholarship to a poor but meritorious student Rs.20,000  (vii) Contribution to approved scientific research association Rs.30,000   1. Contribution to Delhi Municipal Corporation for sewage scheme for slum-dwellers, Rs.50,000 approved by National Committee   (ix) Donation to Political party paid during November 2015 Rs.20,000 Compute his Total Income for the Assessment Year 2016-2017. Make necessary assumptions and clarify them. | CO3 | 20 |