

PSG COLLEGE OF ARTS & SCIENCE
(AUTONOMOUS)

BCom DEGREE EXAMINATION DECEMBER 2018

(Third Semester)

Branch – **COMMERCE (COST AND MANAGEMENT ACCOUNTING)**

DIRECT TAX - I

Time : Three Hours

Maximum : 75 Marks

SECTION-A (20 Marks)

Answer **ALL** questions

ALL questions carry **EQUAL** marks (10 x 2 = 20)

- 1 What is the aim of Taxation?
- 2 Write the basic conditions for the residential status of an individual.
- 3 What do you mean by Dearness allowance?
- 4 What is composite rent?
- 5 What is meant by Depreciation?
- 6 Define the term profession.
- 7 What is capital asset?
- 8 What is casual income?
- 9 What do you mean by Deemed income?
- 10 Define TDS.

SECTION - B (25 Marks)

Answer **ALL** Questions

ALL Questions Carry **EQUAL** Marks (5 x 5 = 25)

- 11 a Mr. Ram an Indian citizen leaves India for the first time on 31st May 2013 and comes back on 15th May 2016. He again leaves India on 10th June 2017 to come back on 14th January 2018. He is living in India since then. Determine his status for the previous year 2017-2018.

OR

- b The following are the income of Mr. Rupak for the Assessment year 2018-2019

	Rs.
i) Dividend from India company	10,000
ii) Profit from business in Japan received in India	1,20,000
iii) Profit from business in Pakistan deposited in a bank there. This business is controlled from India	2,00,000
iv) Profit from business in Indore (Controller by London Head Office)	1,10,000
v) Interest received from a non-resident MR. Ram, on the loan provided to him for a business carried on in India.	50,000
vi) Income was earned in America and received there, but brought in India	80,000
vii) Share of Income from India partnership firm	1,50,000
viii) Income from house property in India received in America (Computed)	62,000
ix) Interest on debentures of an Indian company received in Dubai	25,000
x) Capital Gain on sale of agricultural land situated at Ajmer	48,000

- 12 a Mr. y gets a salary of Rs.33,000 p.m. and he had been provided with rent-free furnished accommodation at karnal (Population 7.5 lakhs). The fair rental value of the unfurnished house is Rs.60,000 p.a. He gets D.A @ 40% of salary which is given as per terms of employment. He gets Rs.2,30,000. The employee has been provided with hired air conditioner for five month and hire charges of Rs.1,000 p.m. are paid by the employer.

OR

- b Mr. Ravi owns a house property which is let out for residence. He submits the following details to compute gross annual value of the property.

	Rs.
Municipal value	1,40,000

12 Cont...

Annual rent if property is let out throughout Previous year	1,68,000
Unrealized rent	14,000
Loss due to vacancy	7,000

13 a The following information is furnished by a small scale industrial undertaking.

	Rs.
W.D.V of plant and machinery on 1-4-2017	7,00,000
Additions made during the year on 1-7-2017	60,000
Additions made on 1-2-2018	50,000

On 1.3.2018 an item of machinery was sold for Rs.40,000. The W.D.V of this item on 1-4-2017 was Rs.15,000; cost of the item was Rs.30,000.
Compute depreciation and W.D.V. for AY: 2018-19.

OR

b Explain the characteristics of Business.

14 a Compute the taxable capital gain from particulars given below:

- i) Net consideration of a residential house Rs.10,00,000 (2-6-2017) (C.I.I.:272)
- ii) Cost of acquisition of this house Rs.2,10,000 (1-5-2007) (C.I.I.:129)
- iii) New house acquired on 1-9-2017 for Rs.2,00,000.

OR

b Mrs. John, an ordinary resident of India, received the following income as interest on investments in securities during the year ended 31st March 2018.

Rs. 1,000 as interest on central government Bonds.

Rs.7,200 as interest on Debentures issued by a local authority.

Rs.5,600 as interest on Debentures of 'A' Ltd (unlisted)

Rs.2,700 as interest on Debentures of 'B' Ltd. (listed)

Rs. 4,800 as interest on Tax free Debentures of 'C' Ltd (unlisted)

Determine Mrs. John's interest on securities under the head 'Income from other sources' for the Assessment year 2018-19.

15 a Write a short note for deduction u/s 80C.

OR

b From the following particular of income of assesses A,B and C, how the capital losses shall be set-off and carried forward for the previous year ending on 31-03-2018?

- A) i) Business income 15,000
- ii) Short-term capital loss 1,200
- iii) Long-term capital gain (shares) 7,200
- iv) Long-term capital gain on sale of jewellery 20,000
- B) i) Business Income 30,000
- ii) Short-term capital loss 40,000
- C) i) Business Income 60,000
- ii) Short-term capital gain 20,000
- iii) Long-term capital gain (land) 17,000
- iv) Carry forward loss (short-term capital assets 50,000)

SECTION - C (30 Marks)Answer any **THREE** Questions**ALL** Questions Carry **EQUAL** Marks (3 x 10 = 30)

16 List out incomes which are exempted u/s 10 of income Tax Act 1961.

17 Mr. Arjun an employee of Ranchi (Population 15 lakhs) based company provides the following particulars of his salary income:

	Rs.
a) Basic salary	12,000 p.m.
b) Profit Bonus	12,000
c) Commission on turnover achieved by Mr.Arjun	42,000
d) Entertainment allowance	2,000n.m
e) Club facilities	

17 Cont...

g) Free use of car more than 1.6 Lt. capacity for both personal and employment purpose; expenses are met by employer.	
h) Rent free house provided by employer. Lease rent paid by employer.	6,000
i) Free education facility for three children of the employee: (Bills issued in the name of employer.	22,500
j) Gas, water electricity bills issued in the name of employee but paid by employer.	16,800

Compute income under the head salary for the assessment year 2018-19

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The following is the profit and loss account of Mr.Rohit for the year.

Particulars	Rs.	Particulars	Rs.
To Rates and Taxes	450	By Gross profit	14,623
To Establishment (staff)	1,750	By Bank interest on personal deposits	577
To Rent	600		
To Household Expenses	1,450		
To Discount	250		
To Advertisement	200		
To Income Tax	480		
To postage, stationery	810		
To fire insurance	150		
To Gifts and presents	160		
To charity and donations (to approved institution)	1,140		
To purchase of plant and machinery(not yet installed)	1,500		
To Repairs of furniture	50		
To Interest on loan	1,000		
To Life insurance premium	600		
To Reserve for doubtful debts	700		
To interest on capital	250		
To Net profit	3,660		
	15,200		15,200

You are required to ascertain the business income of Mr.Rohit.

19

Mr. Xavier owns a residential house at Bangalore. From the following information, Computer the amount of capital gain.

	Rs.
Cost of construction (during 2004-05)	6,00,000
Cost of additional and improvements (during 2007-08)	2,40,000
Sale consideration (sale made on 10.10.2017)	29,00,000
Expanses on transfer	20,000
Cost of new house purchase in Hyderabad (on 15.1.2018) (House is half finished)	5,00,000
Amount deposited in capital gain deposit scheme in SBI on 25-7-2018	3,00,000

An amount of Rs.2,00,000 withdrawn from capital gain deposit scheme on 12th May 2020 and utilized for the completion of the house.

Cost inflation index for 2004-05 is 113, for 2007-08 is 129 and for 2017-18 is 272.

20

What are the donations allowable as deductions u/s 80 and to what extent?