

PSG COLLEGE OF ARTS & SCIENCE
(AUTONOMOUS)
BCom DEGREE EXAMINATION MAY 2017
(Third Semester)

Branch - **PROFESSIONAL ACCOUNTING**

INCOME TAX

Time : Three Hours

Maximum : 60 Marks

SECTION-A (10 Marks)

Answer **ALL** questions

ALL questions carry **EQUAL** marks (5 x 2 = 10)

Write short notes on :

- 1 State the meaning to tax.
- 2 Define salary.
- 3 Write notes on Basis of charge of income from house property.
- 4 Define Income from other sources.
- 5 Write notes on Deductions from specific income.

SECTION - B (20 Marks)

Answer **ALL** Questions

ALL Questions Carry **EQUAL** Marks (5 x 4 = 20)

- 6 a Who is a 'person' as per the ITA 1961?
OR
b A doctor who is an Indian citizen left India to France on 6 July 2015, to take up an employment there. He has never been out of India in the past. What is the residential status of the doctor for the p.y2015-16?
- 7 a Mr.X resides in Chennai, gets Rs. 3,00,000 p.a. as basic salary, D.A. forming part of salary Rs. 40,000 & 2% commission on turnover achieved by him (Turnover achieved Rs. 3,00,000). He receives Rs. 60,000 as HRA though he pays a rent of Rs. 80,000 p.a. Determine the taxable HRA.
OR
b Raj owns two houses, both of which are self occupied. The particulars of the houses are as under:

Particulars	House -I (Rs.)	House - II (Rs.)
Municipal value	70,000	90,000
Fair Rental value	78,000	1,20,000
Standard Rent	-	1,00,000

Find the gross annual value of the property for the Ay 2016-17.
- 8 a The profit & loss a/c of a firm shows a profit of Rs.50,000 after debit of following sums.

Income tax paid .	Rs.30,000
Traveling expenses (business)	Rs. 20,000
Penalty & fees	Rs. 40,000
Sales tax	Rs. 30,000

OR

- b Mr. Selvam acquired a plant for rs.5 Crores on 01/10/2012. The cost of installation was Rs. 1,00,000. He has taken a loan of Rs. 4 Crores from IDBI. The details of interest to be charged by IDBI are as follows:

Interest for the period	Rs.
01/10/12 to 31/03/13	10,00,000
01/04/13 to 31/03/14	20,00,000

01/04/14 to 31/03/15	20,00,000
01/04/15 to 31/03/16	20,00,000

The unit commenced production from 01/08/15. Determine the cost of asset for depreciation purpose.

What are the deductions allowed for computing the capital gains state any five deductions with sections.

OR

List out any five incomes taxable under "Income from other sources".

From the following particulars compute the total income of Mr. David for the assessment year 2016-17.

Loss from house property Rs. -10,000

Short term capital gain on sale of shares Rs 1,05,000

Long term capital loss on sale of bond Rs. 85,000

Other sources: Interest on Government securities Rs. 10,000

The assessee has unabsorbed depreciation of Rs. 25,000 being brought forward from 2013-14. Assessee had closed the business & all assets have been disposed of.

OR

List out five deductions U/s SoL.

SECTION - C (30 Marks)

Answer any THREE Questions

ALL Questions Carry EQUAL Marks (3 x 10 = 30)

Discuss briefly any ten exempted incomes.

From the following details compute the total income of Sachin a resident of Mumbai for the assessment year 2016-17.

	Rs.
Salary including dearness allowance	90,000
Bonus	9,600
Contribution paid by employer	6,000
LIC premium paid by employer	19,000
Rent paid by employer for flat provided	45,000
Cost of furniture provided by the employer at the above flat	40,000
Rent recovered from Sachin by the employer	12,000

Bills paid by the employee for gas, electricity & water provided free of cost at the above flat Rs. 3,000. Sachin was provided with company's car (self driver) for official & also for personal use with effect from October 3, 2006. It is not possible to determine expenditure on personal use & all expenses were borne by employer.

Sachin is also provided with a sweeper (salary Rs. 400 p.m.) & Gardener (Rs. 500 p.m.) throughout the year.

Ravikiran owns a big house. 50% of the house is let out for residential purpose at monthly rent of Rs. 10,000. 25% of the area is self occupied for own residence and remaining 25% is used for own business. Municipal valuation of the house is Rs.2,00,000 fair rent is Rs. 2,10,000. Find out its gross annual value.

Somu purchased a plot of land worth Rs.2,00,000 on 1-6-84. He negotiated to sell it and received Rs. 10,000 but the sale did not materialize and some forfeited the advance. During 1987-88 the asset was gifted to his daughter Lalitha, who received an advance of Rs. 60,000 for sale of property to Mr. X.

14 Cont...

How ever the sale did not materialize and she retained the advance. Mrs Lalitha sold the property for Rs. 95,00,000 of 1.11.15. CII for 84-85=125; for 87-88=150; 2015-16=1081.

15 Following is the P& L A/c of M/s Prabhu & company.

	Rs.		Rs.
To general expenses	15,000	By gross profit	2,15,000
To fire insurance	6,000	By Interest of gorty securities	50,000
To sales - tax	3,000	By bad debts recovered	
To Motor car expenses	10,000	disallowed earlier	5,000
To donations	5,000		
To proprietor's salary	15,000		
To Interest on our capital	7,500		
To Net profit	2,08,500		
	<u>2,70,000</u>		<u>2,70,000</u>

- i) 25% of Motor car expenses relates to the personal use of the proprietor.
- ii) Depreciation calculated according to the prescribed rate comes to Rs.7,500. calculate Income from business.

Z-Z-Z

END