

**PSG COLLEGE OF ARTS & SCIENCE**  
(AUTONOMOUS)

**BCom DEGREE EXAMINATION DECEMBER 2019**  
(Third Semester)

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

**DIRECT TAX -1**

Time: Three Hours

Maximum: 75 Marks

**SECTION-A (10 Marks)**

Answer ALL questions

ALL questions carry EQUAL marks (10 x 1 = 10)

- 1 Gratuity received by an employee under payment of Gratuity Act, 1972 is exempted to the maximum of  
(i) Rs.5,00,000 (ii)Rs.10,00,000 (iii)Rs. 15,00,000 (iv) Rs. 20,00,000
- 2 Surcharge is to be levied only if the Total income exceeds.  
(i)Rs.1 0,00,000 (ii)Rs.20,00,000 (iii)Rs.50,00,000 (iv) Rs. 1,00,00,000
- 3 The maximum amount available as exemption under Hostel allowance for children is  
(i)Rs. 1,200 (ii) Rs.2,400 (iii) Rs.3,600 (iv)Rs.7,200
- 4 A rent which a similar property can fetch in a similar locality is called  
(i) Municipal value (ii) Fair Rental value  
(iii)Actual Rental Value (iv) Standard Rent
- 5 Which of the following tax is allowed as deduction while computing the Business Income?  
(i) Wealth Tax (ii) Gift Tax (iii) Fringe Benefit Tax (iv) Sales Tax
- 6 Deduction towards contribution to approved Scientific Research Association is  
(i) Up to 100% (ii) Up to 125% (iii)Up to 150% (iv) Up to 175%
- 7 State which of the following is not a capital Asset.  
(i) Goodwill (ii) Land and Building  
(iii) Plant and Machinery (iv) Stock in trade
- 8 Tax free commercial securities should  
(i) Be grossed up (ii) Not be grossed up  
(iii) Be exempted (iv) none of these
- 9 Short Term Capital Loss can be set off against  
(i) Short Term Capital Gain (ii) Long Term Capital Gain  
(iii) Any Capital Gain (iv) Any head of income
- 10 Which of the following Donation is eligible at 100% for deduction u/s 80G?  
(i) P.M's Drought Relief fund (ii) Indira Gandhi Memorial Trust  
(iii) Rajiv Gandhi Foundation (iv) National cultural Fund

**SECTION - B (35 Marks)**

Answer ALL Questions

ALL Questions Carry EQUAL Marks (5 x 7 = 35)

- 11 a Mr.Murali, who was born and brought up in India, went to U.K. for further studies on 1<sup>st</sup> February 2017 and came back to India on 1<sup>st</sup> October 2018. Ascertain his residential status for the previous year 2018-19.

OR

- b The following are the details of income of Shree Rupak Mishra:
- i) Share of income from a joint venture in India Rs. 10,000.
  - ii) Dividend Rs. 1,000.
  - iii) Income from Agriculture in Pakistan Rs.20,000.
  - iv) Salary received in India Rs.9,800 (computed) but the services for the same were rendered in Iran.
  - v) Income from business (controlled from India) in Pakistan Rs. 10,000 and the Income remitted to India.
  - vi) Income earned and received in Pakistan from bank deposits Rs.5,000.
  - vii) Income accrued in India but received in Iran Rs. 10,000.
- Compute Mr.Rupak Mishra taxable income if he is i) a Resident, ii) a Not

- 12 a Mr.Sathya, an employee of TVS Ltd. draws Rs.80,000 as basic pay, Rs..30,00(r as dearness allowance (Half of which forms part of salary) and Rs.7,000 as bonus. Besides, he company provides a rent free unfurnished house in pudukkotai (population 8 lakhs) where he is presently posted. The house is owned by the company. Determine the taxable value of the perquisite if fair rent of the house is Rs.20,000 per annum.

OR

- b Compute the annual value from the particulars given below:

Municipal Rental Value	Rs. 84,000
Fair Rental Value	Rs.90,000
Standard Rent	Rs.87,000
Real rent	Rs.8,000 per month
Unrealized Rent	Rs.4,000
Data of Completion	31.07.2018
Data of letting	01.10.2018

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

	Rs.
W.D.V of plant and Machinery on 1.04.2018	7,00,000
Additions made during the year on 1.07.2018	60,000
Additions made on 01.02.2019	50,000

On 01.03.2019 an item of Machinery was sold for Rs.40,000. The W.D.V of this item on 1.04.2018 was Rs. 15,000; cost of the items was Rs.30,000. Compute depreciation and W.D.V for AY: 2019-2020.

OR

- b What ajp professional receipts and professional expenses?

- 14 a Compute the amount of Capital Gains exempted under section 54 and capital gains chargeable to tax in relation to the following transactions.

Mr.Ravi sells a residential house property in Chennai for Rs.99,00,000 on April 25, 2018 which was acquired by him on May 10,2011 for Rs.5,00,000. In August 2018, he purchase a house in Madurai for Rs.15,00,000. One June 30, 2019, Ravi sells the house property in Madurai for Rs.20,00,000 CII for 2011-12 is 184, for 2018-2019 it is 280.

OR

- b Mr.Kamal, an ordinary resident of India, receiving the following incomes as interest on investments in securities during the year ended 31<sup>st</sup> March 2019.  
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 Mr.Kamal interest on securities under the head 'Income from other sources' for the Assessment Year: 2019-2020.

- 15 a What are deemed incomes? How do you treat them?

OR

- b From the following particulars in come of assesses A, B and C, how the capital losses shall be set-off and carry forward for the previous year ending on 31.12.2019?

Particulars	Rs.
(A) i) Business income	15,000
ii) Short term capital loss	1,200
iii) Long term capital gain (plot)	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 Briefly explain the features of capital and revenue receipts.
- 17 From the particulars given below compute the salary income of Mrs. Swamy for the year ending on 31.03.2019.

	Rs.
1. Net salary received after deduction of the following Income	1,50,000
Tax deducted at source	6,000
Own contribution of RPF	20,000
Rent of residential house provided	4,000
2. Profit Bonus	24,000
3. Entertainment Allowance	12,000p.a
4. She went on tour for official purpose and received traveling Allowance	6,000
5. She was ill and was treated in a notified private hospital. Medical bills reimbursed.	12,000
She was provided with rent free house owned by the company at patna (population 20 lakhs) company also provided a gardener to maintain this house. Salary of gardener paid by the company.	500p.m
7. The electricity and water bill of the above house paid by the company	1,200p.m
8. She was provided with a car of 1.2 It. CC which was used partly f&r personal and partly for employment purposes.	
9. The company contributed Rs.24,000 towards RPF.	
10. She has taken interest free loan of Rs. 12,000 against salary during the year repayable in 6 equal monthly installments starting from August, 2019.	

- 18 Following is the profit and Loss A/c of Sharma for the year ending 31<sup>st</sup> march 2019. you are required to ascertain his income from business for the ended on that date:

Particulars	Rs.	Particulars	Rs.
Salaries	7,800	Gross profit	35,672
Sundry expenses	1,200	Discount	751
Reserve fro bad debts	3,000	Commission	1,205
Insurance	450	Sundry Receipts	52
Advertising	2,500	Profit on sale of Import License	20,000
Income Tax	2,375		
Loss on sale of car	1,200		
Interest on capital	1,000		
Interest on Bank Loan	1,550		
Charity	150		
Taxation Reserve	3,000		
L.I.C (self)	550		
Loss of part of building by fire	1,500		
Amount paid to a university for social research	10,000		
Depreciation:			
On Building	1,000		
On Furniture	200		
Difference in trial balance	105		
Net profit	30,100		
	57,680		57,680

Additional data:

- i) The Motor car was used equally for business purposes and the proprietors' private purposes.

18 Cont..

- iii) The amount of depreciation allowable according to Income tax Rules, in respect of building and furniture was Rs.800 and Rs.150 respectively.
- iv) Included in the advertising expenses is a sum of Rs. 1,000 expended on a special advertising campaign undertaken during the year in respect of a product of a company placed recently in the market.
- v) A salary includes Rs.3,000 being the amount drawn by Sharma during the year against profits.

- 19 M/s P.Bros., Ludhianna running an industrial unit was ordered by Municipal corporation Ludhiana to shift their concern from urban area of Ludhiana They shifted their concern during 2018-2019 previous years and in this process sold some of the assets whose details are given below:

Asset Acquired in	Plant & Machinery 2006-2007 Rs.	Land June 2003	Building 2006-07 Rs.
Sale proceeds	10,00,000	10,90,000	12,00,000
W.D.V on 1.4.2018 (cost u/s 50(2))	4,40,000	-	7,32,500
Cost of acquisition	6,00,000	3,00,000	10,00,000
Amount invested during Dec.2018 due to shifting	8,00,000	2,00,000	5,00,000

Compute the taxable capital Gain for the assessment year 2019-2020 (CII of 2003-2004 is 109; 2006-2007 is 122 and 2018-2019 is 280).

- 20 Mr. Raman, an individual, submits the following information relevant for the AY:2019-2020.

Particulars	Profit Rs.	Loss Rs.
Salary income (Computed)	84,000	
Income from House property (Compute)		
House X	30,000	
House Y		34,000
House Z		42,000
Profits and gains of business or profession:		
Business A	16,000	
Business B		20,000
Business (C) Speculation	22,000	
Business (D) Speculation		46,000
Capital Gains:		
STCG	12,000	
STCL		56,000
LTCG	25,000	
Income from other sources:		
Income from Card games	38,000	
Income from betting	30,000	
Loss from Card games		14,020
Loss on maintenance of race horses		12,000
Interest on Securities	8,000	

Compute the Gross Total income of Raman for the AY:2019-2020 by applying Intra source setoff.

Z-Z-Z

END