

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

**MCom / MCom (CA) DEGREE EXAMINATION MAY 2018
(First Semester)**

**Common to Branches – COMMERCE &
COMMERCE WITH COMPUTER APPLICATIONS**

DIRECT TAX-I

Time : Three Hours

Maximum : 75 Marks

SECTION -A (30 Marks)

Answer **ALL** questions

ALL questions carry EQUAL Marks (5 x 6 = 30)

- 1 a What are the two basic conditions to determine the residential status of an Individual? Explain.
- OR
- b Compute Gross Total Income of Mr. X if he is (i) Resident ; (ii) Not Ordinarily Resident (iii) Non – Resident :
- (i) Salary received in India - Rs. 60,000
(ii) Income earned in India, received in London Rs. 7,000
(iii) Income from business in Iran, but controlled and managed from India Rs. 13,000.
(iv) Income of 2006-07 in USA now brought to India Rs. 10,000.
- 2 a Determine the amount of interest of Mr. Gupta for pre-construction period :
- Amount borrowed Rs. 10,00,000 at 12% p.a
Date of borrowing – 1.4.2006
Date of repayment – 31.7.2010
Date of completion of construction of house – 18.01.2011
- OR
- b Find out the long term capital gain from the following. Cost of acquisition Rs. 1,20,000.
Year of purchase of assets – 1983 – 84
Amount of selling price – Rs. 35,00,000
Date of selling assets – 10.01.2005
CII for 1983-84 is 116 and for 2014-15 is 1024.
- 3 a From the following details, compute the taxable income under the head income from business. Profit before adjusting the following items is Rs. 7,00,000.

	Rs.
Trade expenses	5,000
Establishment expenses	10,000
Household expenses	2,000
Discount allowed	1,000
Income tax	700
Provisional for bad debts	1,000
Donation to national defence fund	1,000
Audit fees	200

OR

- b Dr. Narayanan is a medical practitioner in Chennai. From the following, calculate his income from profession for the Assessment Year 2014-15 :

	Rs.
Gross receipts from dispensary	2,35,000
Gross receipts from consultancy	1,65,000
Operation fees	2,50,000
Visiting fees	50,000
Gift from patients	30,000
Medicines purchases	1,25,000
Closing stock of medicine	35,000
Opening stock of medicine	10,000
Salary to employees	1,50,000
Dr. Narayanan went to attend a medical Seminar in Germany to update knowledge and spent Rs. 65,000 on it.	

4 a When Clubbing is not applicable? Explain.

OR

b Compute the taxable income of Mr. David :

(i) Income from card games	Rs. 50,000
(ii) Loss from card games	Rs. 5,000
(iii) Loss on maintenance of race horses	Rs. 10,000
(iv) profit n Race horses (Stake money)	Rs. 20,000

5 a Mr. Kaushik submits his gross total income for the previous year as Rs. 7,50,000. He has contributes for the following fund, donations, etc. Calculate his taxable income :

	Rs.
Payment towards oriental insurance Mediclaim	5,000
Pension Fund of LIC	5,000
Rajiv Gandhi Foundation	15,000
Gujarat Earthquake Relief Fund	20,000
PM's Daughter Relief Fund	50,000
Jawaharlal Nehru Memorial Fund	22,000
Towards repaid work for temple	45,000
Donation for promoting minority community	50,000
His gross total income includes LTCG of Rs. 2,00,000	

OR

b How do you determine the net income of an individual assessee? Explain.

SECTION -B (45 Marks)

Answer any **THREE** questions

ALL questions carry **EQUAL** Marks (3 x 15 = 45)

6 Explain any fifteen incomes which exempt from tax U/S 10 of the Income Tax Act, 1961.

7 From the following particulars of Mr. Prasad working in a company at Chennai, compute his taxable income from salary for the assessment year 2015-16 :

	Rs.
i) Basic Salary	1,500 p.m
ii) Contribution to RPF	1,600
iii) Employer's contribution to RPF	1,600
iv) Interest on RPF @ 10.5%	10,500
v) House Rent Allowance	4,000
Rent paid by him	6,000
vi) Medical allowances	1,000
Medical expenses	3,000
vii) Fee services of water, gas and the payment was done by the employer	1,400
viii) He was provided a motor car by his employer for office use only	Nil
ix) He was provided with a cook whose salary was borne by the employer	4,400
x) He claims the following deduction :	
a. 700 in connection with purchase of books	
b. paid Rs. 60 as tax on employment.	

8 From the following P & L a/c, calculate income from business :

	Rs.		Rs.
To opening stock	1,10,000	By Sales	5,00,000
To purchases	1,00,000	By Closing stock	3,00,000
To wages	50,000		
To Donations	5,000		
To House hold expenses	2,000		
To Depreciation on car	3,000		
To Motor Car expenses	2,000		
To net Profit	5,28,000		
	8,00,000		8,00,000

Cont.

8 Cont...

Additional Information :

- i) 50% of the Motor Car is used for personal use.
 ii) Opening stock is over valued by 10% and closing stock is over valued by 15%.

9 From the following information, compute the 'Income from other sources' for the year ending 31-03-2015 :

	Rs.
i) Dividend from a company (Gross) declared in May 2014	7,800
ii) Examinership Remuneration	2,000
iii) Royalty by the publication of a book	48,000
iv) Winnings from lottery (Gross)	50,000
v) 10% Tax-free Govt. security of	40,000
vi) Rent received from a building let out with	
Plant and Machinery	20,000
Repair of the building	2,000
Depreciation on plant and machinery	2,000
vii) Collection charges fro interest and dividend are 2% of net amount realized	
viii) Gift received by will	1,00,000
ix) Honorarium received from writing articles in magazines	1,000
x) Cash (gifts) received from friends	
Cash (gift) received from X	29,000
Cash (gift) received from Y	15,000

10 Mr. Gupta, a salaried employee, provided the following details of his income for the assessment year 2015-16. Determine his tax liability :

	Rs.
Basic Salary	50,000
DA (Forming part of salary)	7,000
Special allowance	8,000
Conveyance allowance	5,000
Interest on debentures of a Ltd., Company	10,000
Interest on co-operative debentures	6,000
Dividends from a Co-operative society	4,000
Interest on Govt. Securities	5,000
Income from house property (computed)	3,00,000

Z-Z-Z

END