PSG COLLEGE OF ARTS & SCIENCE

(AUTONOMOUS)

BCom DEGREE EXAMINATION DECEMBER 2017

(Third Semester)

Branch - COMMERCE (PROFESSIONAL ACCOUNTING)

INCOME TAX

Time: Three Hours Maximum: 60 Marks

SECTION-A (10 Marks)

Answer ALL questions

ALL questions carry EQUAL marks $(5 \times 2 = 10)$

- 1 Who is called as a person under income tax act?
- What do you mean by profit in lieu of salary?
- Which assets are eligible for depreciation?
- 4 How can you Gross up the net interest earned?
- What is meant by clubbing of other's income?

SECTION -B (20 Marks!

Answer **ALL** questions

ALL questions carry EQUAL Marks ($5 \times 4 = 20$)

6 a Explain the various types of assesses.

OR

Mr. Aral comes to India for the first time on 1.8.16. During his stay in India, he stayed upto 25.10.17 in Chennai and there after in Mumbai. Determine his residential status for the A.Y. 2017-18.

Mr. Ravi is employed as a manger in SBI n Mumbai. Following are the particulars of his salary for the P.Y 2016-17:

Rs

Basic pay 2,500p.m.
DA (forming part) 400p.m.
DA (not forming part) 600p.m.
Bonus 3,000 p.a.

He has been provided with furnished house, the cost of furniture being Rs. 10,000. The bank pays Rs. 2,000 p.m. for the said accommodation, but deducts Rs. 250 p.m.

Determine the value of house accommodation.

OR

b Calculate the Gross annual value for the A.Y. 2017-18 from the following particulars

FRV Rs. 1,3 5,000 MRV Rs. 1,26,000 SR Rs. 1,30,500 Actual rent Rs. 12,000 p.m.

Date of completion: 31.7.16
Date of letting: 1.10.16
Unrelaised rent Rs. 6,000

8 a Specify the expenses which are expressly disallowed while computing income from business.

OR

Compute depreciation allowable for the A.Y 2017 - 18:

KS.
1,20,000
10,000
30,000
5,000

9 a Compute the taxable capital gains for A.Y 2017-18:

	House I	House II	
Date of purchase	May 1977 (Rs.)	Dec. 1980 (Rs.)	
Cost of acquisition	1,90,000	2,50,000	
Cost of additional			
construction in 1980	10,000	25,000	
FMVon 1.4.81	1,75,000	3,50,000	
Cost of additional			
construction in 1994 - 95	48,800	73,200	
Sale proceeds in 2016 - 17	24,00,000	80,00,000	
Advance for feited and retained	10,000	20,000	
(CII for 1981 - 82 = 100; 1994- 9:	5 = 259;2016 - 17	= 1125).	
OR			

Calculate the income from other sources of Ragavan for the A.Y. 2017

	Rs.
Dividend from an Indian company	11,000
Winnings received on government securities	68,000
Interest received on government (Gross)	25,000
Family pension received	24,600
Dividend from a foreign company	20,000
Dividend from a co-operative society	10,000
Income from sub-letting	6,000
Royalty income (Expenses Rs. 2,000)	18,000
Interest received on government securities	14,000

- 10 a Sri. Anand earned gross total income of Rs. 5,00,000 in the P.Y. 2016 17 and made the following donations during the year:
 - i) Rs. 10,000 to chief minister's earthquake relief fund
 - ii) Rs. 15,000 to national foundation for communal Harmony
 - iii) Rs. 40,000 to municipal corporation approved for promotion of family planning
 - iv) Rs. 25,000 to approval institutions

Compute the amount of deduction U/s 80G for the A.Y. 2017—18.

OF

b Mention the procedure for filing of return of income.

PART-C (30 Marks)

Answer any **THREE** questions **ALL** questions carry **EQUAL** Marks (3 x 10 = 30)

- 11 List out any ten exempted incomes.
- Mr. X is an employee of textile Mills, given the following salary income for the year ended 31.3.17:
 - i) Basic pay Rs. 6,000 p.m.
 - ii) Bonus at six months salary
 - iii) Traveling allowance for four Rs. 600 p.m.
 - iv) Entertainment allowance Rs. 250 p.m.
 - v) Commission equal to four month's salary
 - vi) He has been provided with rent free furnished house valued at Rs. 3,000 p.m. and furniture and fittings of the value of Rs. 10,000.
 - vii) He is also provided with lunch at free of cost by the company during king hours valued at Rs. 10 per day for 300 working days.
 - viii) He contributes Rs. 560 p.m. to RPF and employer contributes equal sum. The interest credited to the PF a/c is Rs. 12,000 at 12% p.a.

Compute the salary income for the A.Y. 2017 - 18.

13 P & L a/c of Mr. V arm a for the year ended 31.3.17:

	Rs.		Rs.
To Opening stock	15,000	By Sales	1,80,000
To Purchases	40,000	By Closing stock	20,000
To Wages	20,000	By Gift from father	10,000
To Rent	46,000	By Refund of income tax	3,000
To Car repair expenses	3,000		
To Wealth tax	2,000		
To Medical expenses	3,000		
To General expenses	10,000		
To Car depreciation	4,000		
To Income tax	1,000		
To Net profit	69,000		
	2,13,000		2,13,000

Other information:

- i) 50% of rent for own purpose
- ii) ³A of car was used for business and ¹A for personal use
- iii) Wages include Rs. 250 p.m. on account of motor car driver's wages for 10 months.

Find out the business income.

14 Mr. Hari submits the following particulars about sale of assets during the year 2016 - 17:

Particulars Jewellery	Plot	Gold
(Rs.)	(Rs.)	(Rs.)
Sale price 5,40,000	12,24,000	3,00,000
Expenses on sale	24,000	-
Cost of acquisition 64,000	2,10,000	1,00,000
Year of acquisition 1987-88	1984-85	1999-2000
CII 150 125		389

He has purchased a house for Rs. 12,00,000 on 1.3.17.

Calculate the amount of taxable capital gain if CII for 2016 - 17 is 1125.

From the following particulars of income of Mr. Murali, an individual, computer his Gross total income for the A.Y. 2017 - 18.

* Particulars	Profit (Rs.)	Loss (Rs.)
Salary income	42,000	-
Income from HP:		
House 'A'	15,000	-
House 'B'	-	17,000
House 'C'	-	21,000
Gains from business / profession :		
Business 'A'	8,000	-
Business 'B'	-	18,000
Business 'C' (Speculative)	11,000	-
Business 'D' (Speculative)		23,000
Capital Gains:		
STCG	6,000	-
STCL	-	28,000
LTCG	12,500	-
Income from other sources:		
Income from card games	8,000	-
Loss from card games	-	7,010
Loss on maintenance of race horses	-	6,000
Interest on securities	4,000	-