

**PSG COLLEGE OF ARTS & SCIENCE**  
(AUTONOMOUS)  
**BCom DEGREE EXAMINATION DECEMBER 2019**  
(Third Semester)

Branch - **COMMERCE (PROFESSIONAL ACCOUNTING)**

**DIRECT TAX**

Time : Three Hours

Maximum : 75 Marks

**SECTION-A (10 Marks)**

Answer **ALL** questions

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

- 1 Who is an Assessee-in-default?
- 2 How much is eligible for exemption u/s 10(14) for Children Education Allowance?
- 3 How to calculate the correct value in case of over valuation of stock?
- 4 List out the casual incomes.
- 5 What is 'Revised Return'?

**SECTION -B (35 Marks)**

Answer **ALL** questions

ALL questions carry **EQUAL** Marks (5 x 7 = 35)

- 6 a What are taxable entities for the purpose of ascertaining residential status? Explain.  
OR

b Mr.Ravi an Indian citizen goes abroad on 1.4.2010 for the first time. He returns to Indto on 15.2.2018. during the previous year 2018-19 he was in India only for 185 days. Find his residential status for the assessment year 2019-20.

- 7 a Calculate the taxable income HRA from the following:

Basic Pay Rs.5,000 p.m  
DA (Not forming) Rs.3,000 p.m  
HRA Rs.3,000 .m (Rent paid Rs. 3,250 p.m)  
Medical allowance Rs.500 p.m

OR

b Calculate income from House property of Ms.Sudha from the following information. House was constructed in 1997, 75% is let out and 25% is self-occupied by Ms.Sudha herself. Other details of the property are as follows:

MRV	Rs.50,000
FRV	Rs.60,000
Standard Rent	Rs.55,000
Municipal Tax	Rs.4,000
Interest on borrowed capital	Rs. 10,000

- 8 a The following is the receipts and payments account of Mr.Pratap as advocate for the yea ended 31<sup>st</sup> March 2017.

Receipts	Rs.	Payments	Rs.
To Balance b/d	2,400	By Typewriter	8,000
To Fees from Client:		By Office Expenses	6,000
For 2015-16	30,000	By Salaries to Staff	10,000
For 2016-17	3,000	By Interest on Loan	2,000
For 2017-18	10,000	By Car Expenses	5,000
To Presents from clients	8,000	By Income Tax	2,000
To Loan from Bank for professional purposes	15,000	By Life Insurance Premium	4,000
		By Rent for the chamber	6,000
		By Balance b/d	25,400
	68,400		68,400

Depreciation of the car is Rs.5,000. The Car as used for 60% official and

8 Cont...

b What are the principles to be followed while computing taxable business income? Explain.

9 a From the following information compute taxable gain of Mr.Senthil for the previous year 2019.

Residential house: Year of purchase 1977-78, Cost of acquisition Rs.22,000; FMV on 1.4.2001 Rs.40,000 cost of improvement (1978-79) Rs.5,000; Cost of Improvement (2002-03) Rs.3,000. Date of Sales 15.3.2019. Sale consideration Rs.20,00,000; Selling expenses Rs.5,000. Purchase of constructed house on 20.4.2019 Rs. 1,00,000. Amount deposited in capital gain accounts scheme Rs.30,000 CII 2001-02=100; 2002-03=105; 2018-19=280.

OR

b Mr.Gentleman furnished the following incomes during 2018-19, Compute taxable income under 'Other Sources'.

	Rs.
a Winning from TamilNadu State Lottery	1,80,000
b Winning from Horse Races (amount won)	1,500
c Winning from Cross Word Puzzle	15,000
d Winning from Card Games	20,000
e Winning from gambling and battings	25,000
Loss ffrom card games	10,000
Expenses on buying lottery tickets	500

10 a What are the benefits of e-filing of income tax return? Explain.

OR

b The income of Mr.Ashok for the assessment year 201-20 has been computed as under:

- i. Loss under the head, income ffrom other sources Rs. 14,000
  - ii. Loss under the head 'income from house property' which is let-out Rs.10,000
  - iii. Profits and gains of business Rs. 1,10,000
  - iv. Long-term capital gain from building Rs.50,000
- Compute the gross total income.

**PART-C (30 Marks)**

Answer any **THREE** questions

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

11 Mr.Sanjay works in an Indian ship. He leaves India on 1-8-2017 as crew member of the ship. His stay during the four years preceding the previous year 2017-18 was as follows:

- |           |   |
|-----------|---|
| 2017-2018 | : He was out of India from 1-5-2017 to 1-8-2017   |
| 2016-2017 | : He was out of India from 1-8-2016 to 1-1-2017   |
| 2015-2016 | : He was out of India from 1-6-2015 to 1-2-2016   |
| 2014-2015 | : He was out of India from 1-11-2014 to 1-1-2015  |
| 2013-2014 | : He was out of India from 1-12-2013 to 31-1-2014 |

1. Determine the residential status of Mr.Sanjay for the previous year 2018-19.
2. What will be his residential status if Mr.Sanjay has left India on 1.12.2018, instead of 1.8.2018?

**Cont...**

Mr.Kumar furnishes the following information about his salary income for the year ending on 31-03-2019.

	Rs.
a Salary Received	71,800
b Inome-tax deducted at source	1,200
c Contribution to RPF	8,000
d Dearness Allowance - 40% of salary	
e Employees contribution to RPF	8,000
f Interest credited to RPF at 12%	2,400
g He is provided with furnished free quarters for residential Purpose in Calcutta by his employer, the actual rent of which is at Rs.4,000 p.m. Cost of furnishing is Rs.45,000. Gardener's salary paid by employer is Rs.3,000.	
h He is provided with a car of 1.8 Ltr. With driver	
i Premium paid by his employer on his own life policy of Rs.95,000 amounted to Rs. 10,000	
j Gas, Water and Electricity Bills paid by employer Rs.4,000	
k Premium paid by him on the life of his wife for a policy value of Rs.2,00,000 amounted to Rs.50,000.	

Compute Mr.Kumar's taxable income from Salary and Q.A for deduction u/s 80C for the assessment year 2019-20.

13 Prom 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 expenses	2,000		
To Net Profit	5,28,000		
	8,00,000		8,00,000

Additional information:

- a. 50% of the Motor Car is used for personal use.
- b. Opening Stock is over valued by 10% and closing stock is overvalued by 15%.

14 Mr.Z acquired a plot of land on 30.6.2006 (01:122) for Rs.3,20,000 and spent Rs. 1,40,000 on its registration and brokerage etc. The plot was sold for Rs.40 lakhs on 30.8.2018 (01:280). He had purchased a house for Rs.15 lakhs on 1.12.2017. He had paid Rs.5,000 for ground rent of plot held by him. Compute the amount of taxable capital gain for the assessment year 2019-20.

15 What are the permissible deductions u/s 80 from gross total income with respect to certain payments? Explain.

Z-Z-Z

END