



K17P 1384

Reg. No. :

Name :

**Third Semester M.Com. Degree (Reg./Supple./Imp.)
Examination, November 2017
(2014 Admn. Onwards)
COM3C13 : INCOME TAX LAW AND PRACTICE**

Time : 3 Hours

Max. Marks : 60

SECTION – A

Answer **any four** questions in this Section. **Each** question carries **1** mark for part (a) **3** marks for part (b) and **5** marks for part (c).

1. a) Define person under Income Tax Act.
b) Give a note on tax evasion, tax avoidance and tax planning.
c) Mr. Peter a foreigner came to India from England for the first time on April 2005. He stayed here for 3 years and went to France on 1st April 2008. He however returns to India on 1st July 2008 and went to Iran on 1st December 2009. He again came back to India on 25th January 2012 on a service in India. What is his residential status for the A. Y. 2012-13.
2. a) What do you mean by Transferred Balance ?
b) Briefly describe about allowances under Income Tax Act.
c) Mr. X retires on 10th April 2011 after serving for 30 years and 7 months. He was getting salary Rs. 15,000 p.m. from 1-1-2010 to 31-12-2010 and thereafter Rs. 15,000 p.m. He receives D.A. @ Rs. 3,000 p.m. (forming part of salary for computation of retirement benefits) and 2% commission on sales achieved by him during 10 months (preceding the months in which he retired) Rs. 24,00,000. He receives a gratuity of Rs. 4,68,000. Compute the exempted amount of gratuity. He is not covered by the Payment of Gratuity Act.

P.T.O.



3. a) What is a short term capital asset ?
 b) What is transfer of capital asset ? What transactions are not regarded as transfer ?
 c) Mr. X sells agricultural land for Rs. 10,31,000 (brokerage 2%) on March 2015 (cost of acquisition on March 1st 1987 was Rs. 70,000). On April 6, 2015 he purchased agricultural land for Rs. 1,50,000. Find out the capital gain chargeable to tax (CI index for 2014-15 is 1024 and for 1986-87 it was 140).
4. a) What do you mean by deemed income ?
 b) Give atleast 10 examples of income from other sources.
 c) Mr. A invested Rs. 1,00,000 in 9% tax free debentures of a company. What will be his taxable interest for the previous year ending on 31-03-2015 if the rate of deduction of tax at source is @ 10% interest accrues on 1st January every year.
5. a) What is total income ?
 b) Describe the tax law relating to agricultural income.
 c) From the following calculate Gross Total Income.
 Income from house property 2,20,000, Business loss 40,000, Current year depreciation 8,000, Business loss for the previous year's 35,000, Short term capital loss 30,000, Long term capital gain 40,000.
6. a) What do you mean by clubbing of income ?
 b) What is aggregation of income ? Explain.
 c) What are the provision regarding set-off of losses ? (4×9=36)

SECTION – B

Answer the **two** questions in this Section. **Each** question carries **12** marks.

7. Discuss the deduction to be made in computing total Income of an individual.

OR

From the following Profit and Loss Account calculate Income from Business and Profession.

Expenditure	Amount	Income	Amount
Salary to employees	95,000	Gross Profit	3,80,000
Advertisement expenses (paid in cash)	24,000	Interest on Securities	14,000
		Income from House Property	25,000



General expenses	16,000	Bad debt recovered	12,000
Entertainment expenses	22,000		
Bad debt	1,500		
Drawings by the proprietor	24,000		
Sales tax (due and paid on 1-7-2014)	6,000		
Interest on proprietors Capital	7,000		
Repairs	2,500		
Rent	21,000		
Legal expenses	5,000		
Depreciation	15,000		
Bonus (due)	6,000		
Bonus to the Proprietor	4,000		
Car purchased	72,000		
Expense on car during the year	12,000		
Donation	2,000		
Provision for bad debt	6,000		
Net Profit	90,000		
Total	4,31,000	Total	4,31,000

- 1) Advertisement expenses were spent on insertion in newspapers.
- 2) Rs. 3,000 were spent on purchase of land and building are included in legal expenses.
- 3) Half of the repair expenses were on let out building.
- 4) Depreciation allowable on all assets including car is 14,400.
- 5) Bonus was paid to employees on 30-06-2015 and the date of filing of return is 31-07-2015.



8. a) Explain any 10 exempted income under Income Tax Act.

OR

b) A house was completed on April 1, 2014 and following information is available about this house. Municipal Value of the house Rs. 30,000 p.a. Fair rental value of the house Rs. 32,000 p.a. Actual rent Rs. 4,000 p.a. Municipal Taxes Rs. 6,000 p.a. The house was let out for a period 1-4-2014 to 31-12-2014 and self occupied from 1-1-2015 onwards. Fire insurance premium Rs. 3,600. Land revenue Rs. 6,000. Interest on loan for the period

a) 1-4-2011 to 31-3-2014 Rs. 45,000

b) 1-4-2014 to 31-3-2015 Rs. 15,000.

Calculate the Income from House Property for the P.Y. ending on 31-03-2015.

(2×12=24)
