

**K20P 1140**

Reg. No. :

Name :

III Semester M.Com. Degree (CBSS – Reg./Suppl./Imp.)**Examination, October 2020****(2014 Admission 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) Who is a deemed assessee ?
b) How would you determine the residential status of an H.U.F. ?
c) Mr. P is a not- ordinarily resident in India for the P.Y 2019-2020. He had the following incomes during the previous year.

	Rs.
i) Salary earned and received in Singapore	6,00,000
ii) Profit on sale of a property in Thailand	2,00,000
iii) Income from a house property in India	1,70,000
iv) Income from a business in Mumbai	3,00,000
v) Income from a business in Hong Kong (controlled from India)	2,70,000
vi) Dividend from a Japanese company	1,00,000
vii) Profit from a business in Chennai (controlled from Hong Kong)	8,00,000
viii) Share of profit from an H.U.F.	2,00,000

Compute the Total Income of Mr. P for the A.Y. 2020-21.

2. a) Give any two examples for fully exempted allowances.
b) Explain the provision on the taxability of gratuity under Section 10 (10) of the Income Tax Act, 1961.
c) Mr. B furnishes the following information on his income for the year 2019-2020.
i) Basic salary Rs. 1,00,000
ii) Employer's contribution to Recognised Provident Fund Rs. 10,000
iii) Interest on P.F. Balance at 9.5% p.a. Rs. 9,500
iv) Travelling allowance Rs. 2,400
v) City Compensatory Allowance Rs. 10,000
vi) Bonus Rs. 15,000
vii) Entertainment allowance Rs. 5,000

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- viii) Unfurnished house at Patna for which the employer pays a rent of Rs. 2,500 p.m. but recovers only Rs. 200 p.m. from his salary.
 ix) Free gas and electricity provided by employer at a cost of Rs. 500 p.m.
 x) The employer has provided a small car for official and private purposes. The expenses of private purposes are met by Mr. B himself.
 Compute the Taxable Salary of Mr. B for the A.Y. 2020-2021.

3. a) What is the Annual Value of a self-occupied house ?
 b) Explain the deductions available from the annual value of a let out house property.
 c) Mr. H owns a house property at Salem which is let out for residential purposes. The particulars of the property are as follows :

	Rs.
i) Annual rent	60,000
ii) Municipal value	48,000
iii) Municipal tax paid by the tenant	4,000
iv) Repairs incurred by the tenant	3,000
v) Expenses paid by Mr. H :	
Fire insurance premium	2,000
Water charges	5,400
Lift maintenance	2,400
Collection charges	1,000
vi) On 1.08.2019 he recovered unrealized rent of Rs. 4,500 which was earlier allowed as a deduction	

Compute the Income from House Property of Mr. H for the A.Y. 2020-2021.

4. a) What is unabsorbed depreciation ?
 b) Explain the provision regarding deductions to be allowed in respect of expenditure on scientific research.
 c) Mr. K is an advocate in Mumbai. He has prepared the following Income and Expenditure Account for the year ending 31st March, 2020.

	Rs.		Rs.
To Office expenses	1,30,000	By Fees from clients	3,25,000
To Charity	20,000	By Special fees for being	
To Donation	1,00,000	Notary Public	2,60,000
To Household expenses	60,000	By Gifts from clients	20,000
To Telephone expenses	10,000	By Interest from bank	1,30,000
To Income tax	42,000	By Salary as lecturer	60,000
To Rent	4,000	By House rent	15,000
To Electricity charges	6,000		
To Salary to staff	26,000		
To Purchase of motor car	3,00,000		
To Life Insurance Premium	4,000		
To Excess of Income over Expenditure	1,08,000		
	8,10,000		8,10,000

**Other information :**

- i) Mr. K lives in one-half of the house and the other half is used as his office. Rent and electricity are in respect of this house.
 - ii) Half of the car expenses are for personal use.
 - iii) Depreciate motor car by 15%
- Compute the Income from Profession of Mr. K.

5. a) What are deemed incomes ?

b) Mr. D gives the following information :

Building purchased in 2005-06	Rs. 2,50,000
Sold in December 2019	Rs. 30,62,500
Purchased bonds of NHAI in April, 2020, Redeemable after 5 years	Rs. 24,00,000
C.I.I. for 2005-06 is 117 and for 2019-20 is 289. Compute the Taxable Capital Gain.	

c) Explain any five differences between short term capital gain and long term capital gain.

6. a) What is Section 80 U ?

b) Explain the provisions regarding clubbing of income of a minor child.

c) Mrs. Q furnishes the following particulars of her income during the P.Y. 2019-2020.

	Rs.
i) Royalty from mining	36,000
ii) Income from units of mutual fund	16,000
iii) Winnings from lottery (net)	2,80,000
iv) Family pension p.m.	6,000
v) Dividend from Tata Tea Ltd.	16,000
vi) Rent from sub-letting (rent paid Rs. 500 p.m.)	9,600
vii) Income from agriculture in Punjab	60,000
viii) Interest on Bank Deposits (net)	36,000
Compute her Income from Other Sources for the A.Y 2020-2021. (4×9=36)	

SECTION – B

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

7. Enumerate any 12 fully exempted incomes.

OR

Compute the tax liability of Mr. Gupta of 86 years for the A.Y 2020-2021.

	Rs.
i) Agricultural income in India	5,00,000
ii) Rent received from house property	1,20,000



iii) Profit from an industrial undertaking before deducting the following :		6,00,000
Depreciation as per Income Tax Act	20,000	
Business loss brought forward	50,000	
iv) Profit from jewellery business		4,70,000
v) Capital gains :		
Short term u/s 111A	10,000	
Long term	90,000	1,00,000
vi) Loss from speculative business		50,000
vii) Interest on Govt. securities		30,000
viii) Interest from post office		25,000
ix) Winnings from horse race		50,000
x) Payment towards pension fund of LIC		12,000
xi) Payment by cheque to mediclaim insurance premium of his wife aged 81 years		35,000
xii) Deposit in PPF account of his wife		1,00,000

8. Explain the provisions regarding set off and carry forward of losses.

OR

The following details have been supplied by Sri Nawal, the Karta of an H.U.F. You are required to compute the Total Income of the family and its tax liability for the A.Y. 2020-2021.

	Rs.
Profit from the business of purchase and sale of shares	8,60,000
Security Transaction Tax paid on above	2,40,000
Short term capital gains	7,500
Long term capital gains	9,000
Long term capital loss	7,700
Rent received from house property	21,000
Local tax paid on the above house property	3,000
Interest received on Govt. securities	9,000
Interest on loan taken to purchase the above securities	6,000
Interest on Savings Bank Account	20,000
Donation to Jawaharlal Nehru Memorial Trust by cheque	6,000
Premium paid on life insurance policy of Karta	3,060

(2×12=24)