

FINAL YEAR B.Com. DEGREE EXAMINATION, MARCH/APRIL 2005

Commerce

Paper—IX—C—INCOME TAX LAW AND PRACTICE—I

(Old Scheme)

(1994 Admissions)

Three Hours

Maximum : 100 Marks

Section A

Answer any ten questions. Each question carries 2 marks.

Answer may be given in two or three sentences each.

Who is a deemed Assessee ?

What is MMR ?

An employee joins in a job on 10-09-2003. What is his previous year ?

Mr. John Jacob's income from all other sources is Rs. 44,000. His net Agricultural income is Rs. 1,00,000 for the year ending 31-03-2004. What is his tax liability ?

Is compensation received on account of Nationalisation of one's business taxable ?

When can a partnership firm be treated as Non-Resident ?

MRV Rs. 30,000 ; FRV Rs. 36,000 ; Standard Rent Rs. 33,000. What is ERV ?

How the expenditure on know-how is treated in Income Tax Act, 1961 after 1-4-1998 ?

Sri. J.S. Joshua paid for Advertisement Rs.30,000 by a bearer cheque. What is the treatment under I.T. Act ?

A car is owned by an assessee and used by him and his family. If that car is disposed off, will it attract Capital Gain Tax ?

What are the prescribed dates for filing of Return of Income by different assessees ?

How the salary and allowances of members of parliament are treated in Income Tax ?

(10 × 2 = 20 marks)

Section B

Answer any ten question. Each question carries 5 marks.

Answers to theory questions may be given in one page each.

What are the exceptions to the Rule that income earned in "P.Y." shall be taxed in Relevant "A.Y." ?

What are the prescribed tests to determine the residential status of assessee ?

How the following items are treated in Income Tax Act 1961 ?

(i) Retrenchment compensation.

(ii) Leave encashment on retirement.

Turn over

16. Briefly explain :-

(a) Tax-free commercial (Non Govt.) securities.

(b) Less-Tax Securities.

17. What are deemed capital gains ?

18. Mention any ten incomes which are Taxable under "Income from other Sources"

19. Shri. A.V. Menon is provided with a car of 1.4 lt. Capacity for both official and personal use. The employer meets all the expenses. Driver is also provided. Find out the value of perquisite.

(a) Menon is getting a consolidated salary of Rs. 6,000 p.m.

Or

(b) Menon is getting a consolidated salary of Rs. 11,000 p.m.

20. From the particulars given below for two self-occupied Houses, advise the owner which House he should select as self-occupied for A.Y. 2004-2005.

	House No.1	House No.2
	Rs.	Rs.
MRV	24,000 p.a	30,000 p.a
Municipal Taxes (50% paid)	2,000 p.a	3,000 p.a
Ground Rent	500 p.a.	1,000 p.a.
Fire Insurance premium paid	1,000 p.a	2,000 p.a
Interest on loan for construction	15,000 p.a	18,000 p.a
Other Income	1,00,000 p.a	

21. Smt. Usha Nair provides the following information about her salary :-

Salary—Rs. 15,000 p.m.

D.A. as per Agreement—20% of salary

Bonus—Rs. 15,000

Conveyance allowance—Rs.1,000 p.m

(She spends 80% of this on the performance of her duties).

Lunch allowance—Rs.500 p.m.

Medical Expenses reimbursed—Rs. 22,000

She is given the choice to select either

(i) HRA @ Rs. 3,000 p.m. ; She can get a house similar to the one provided by her employer for Rent at Rs. 2,500 p.m.

(ii) Rent free house at Tiruvalla (Population less than 4 lakhs)

Advise her as to which option she should select from taxation point of view.

	Rs.
Sale of Jewels October 2003 CII 463	20,00,000
Cost of acquisition 1983-84 CII 116	3,00,000
Amount Invested in the Construction of new house upto 31.03.2004	4,00,000
Amount deposited in capital gain deposit scheme for completing the construction (Deposited on 17.06.2004)	12,00,000

He does not own any other House. Compute Taxable capital gain.

23. Shri V. Murali furnishes the following particulars for the year ending 31.04.2004. Compute his total income.

	Rs.
Gross Dividend on Equity Shares	600
Gross Dividend on Preference Shares	3,200
Income from letting Building and Machinery	17,000
Interest on Bank deposit	2,500
Director's sitting fees	1,200
Ground Rent	600
Income from undisclosed sources	10,000
Income from lottery (gross)	10,000

The following deductions are being claimed :

- (a) Bank collection charges on Divided Rs. 50
- (b) Allowable depreciation on Building and Machinery Rs. 4000/-
- (c) Fire Insurance premium paid on Building and Machinery Rs. 100

4. Compute Shri. R. Roa's Taxable Income if he is a (i) Resident : (ii) Not ordinarily resident and (iii) Non-resident.

	Rs.
(a) Dividend	1,000
(b) Income from Agriculture in Srilanka	20,000
(c) Salary received in India but the services rendered in Iran	9,800
(d) Share of Income from a Joint venture in India	10,000
(e) Income earned and Received in Bangladesh from Bank deposits	5,000
(f) Income from Business in Pakistan (Controlled from India) and to Income remitted to India.	10,000
(g) Income accrued in India but received in Jordon	10,000

(10 × 5 = 50

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Answer any two questions. Each question carries 15 marks.
Answer to theory question may be in around four pages each.

25. Shri K. Raman is employed as an Engine Driver in Indian Railways. He is getting Rs. 2500 p.m. as basic pay ; Rs. 2500 p.m. as Dearness pay and Rs. 2500 per month as Dearness pay. During 2003-2004, he received the allowances also :

- (i) Rs. 16,500 as Running allowance.
- (ii) Rs. 200 p.m. per child as Educational allowance for his two children.
- (iii) One of his sons is staying in a hostel on which Raman is spending Rs. 800 p.m. getting Rs. 500 p.m. for his son as Hostel allowance for meeting this expenditure.
- (iv) Rs. 250 p.m. as C.C.A.
- (v) Rs. 400 p.m. as uniform allowance fully spent for employment purposes.
- (vi) Rs. 1250 p.m. as H.R.A. He pays Rs. 1500 p.m. as rent to House Owner.

He contributes 10% of his Basic Pay and dearness pay to SPF and the Indian Railways Employees' Union a similar amount.

Compute his Taxable salary for A.Y. 2004— 2005.

26. Under what circumstances can an ex-parte assessment be made by an assessing officer? What are the remedies available to the Assessee ?

27. Shri. P.S. Rathore gives you the following particulars from his books of account. Compute his Taxable Business Income for the year ending 31.03.04.

	Rs.
Net profit as per profit and Loss A/c (Before charging the following)	2,75,000
Expenditure on Family planning	45,000
Lump-sum payment made for Technical know-how developed in Govt. Laboratory	90,000
Entertainment expenditure	30,000
Expenditure on acquiring Patent - Right	84,000
Expenditure on Advertisement	
Paid in Cash	18,000
Amount paid to Rajasthan University for an approval Research Programme in Social -Sciences not connected with his business	20,000
Provision for Excise duty	45,000
(He paid only Rs. 20,000 before filing I.T. return)	