

TM143120A

Reg. No.....

Name.....

M.Com. DEGREE (CSS) EXAMINATION, FEBRUARY 2016
SUPPLEMENTARY
THIRD SEMESTER- COMMERCE
COM3DLP - DIRECT TAXES LAW & PRACTICE

Time: Three Hours

Maximum Weight: 30

PART A

I. Answer any five questions. Each question carries 1 weight

1. What is indexed cost of acquisition?
2. What is unabsorbed depreciation ?
3. What is profit in lieu of salary?
4. What do you mean by set off of losses?
5. Who is an assessee in default.
6. Define agricultural income.
7. What is transferred balance ?
8. What do you mean by income deemed to accrue? Give two examples

(5x1=5)

PART B

II. Answer any five questions. Each question carries 2 weight

9. Explain the provisions of Income Tax Act relating to deduction in respect of scientific research expenditure
10. What do you mean by accelerated assessment ? Under what circumstances it is adopted ?
11. Explain any ten incomes exempted from tax ?
12. Explain the provisions of Income Tax Act relating to valuation of motor car.
13. Mr. Anand settled in USA has the following income during the financial year 2014-15
 - 1) Income from agriculture in USA, remitted to India 1,00,000
 - 2) Income from agriculture in Andhra, received in Australia 5,00,000
 - 3) Income from, business in Dubai received there 10,00,000
 - 4) income earned from business in Australia, business controlled from India Rs. 1,00,000 (Rs.50,000 is received in India)
 - 5) Dividend from an Australian Company received in USA Rs. 2,50,000
 - 6) Royalty received in USA from a friend in India, for business in Australia Rs. 5,00,000
 - 7) Profit from a business in Delhi, controlled from Australia Rs. 7,00,000
 - 8) Profit on sale of a building in Delhi Rs. 10,00,000 (The building was sold to his friend in Australia and the amount received in Australia)
 - 9) Interest on deposits in USA received there Rs. 3,00,000 (Rs.1,00,000 spend in Canada for education of Children and Rs.2,00,000 remitted to India)
 - 10) Past untaxed profit of 2010-11 brought to India in 2014. Rs.2,00,000
 - 11) Income earned in Canada brought into India Rs.1,00,000

Compute Gross Total Income of Mr. Anand if he is:

- (i) Ordinarily Resident, (ii) Not Ordinarily Resident, (iii) Non-Resident.

14. Mr. Prakash resides in a rented building and runs a small industry from which he made a net profit of Rs.4,20,000 during the year ended 31st March 2015. He also got a lottery winning of Rs.80,000 and long term capital gain Rs.90,000 by selling old gold ornaments His minor child is severely handicapped and he spent Rs.80,000 for his maintenance during the year. He paid rent during the year Rs.48,000 for residential house and Rs.8,000 insurance premium for his life. During the year he donated Rs.20,000 to National Sports Fund set up by the Government of India. Compute his total income and tax liability.

15. From the following particulars of Mr. Manu compute income from other sources.

- (a) Royalty received from Government of India Rs. 25,000
- (b) Income from consultancy services in Sri Lanka Rs. 10,000
- (c) Interest on U.K. Development bonds Rs 19,000
- (d) Dividend from an Indian Company Rs. 50,000
- (e) Agricultural income from USA Rs.1,20,000
- (f) Interest on tax free Securities Rs.45,000
- (g) Dividend from co operative society Rs.15,000
- (h) 10% Rs.2,00,000 Debentures of domestic company (listed)
- (i) Dividend received from US company Rs.80,000 after TDS in New York Rs.15,000
- (j) Gift from friend =Rs.50,000

16. Information relating to income and losses of Mr. John for the year 2014-15 :

- 1. Brought forward loss from house property for 2010-11 Rs. 32,000
 - 2. Income from house property Rs. 48,000
 - 3. Brought forward business loss of 2012-13 Rs. 1,80,000
 - 4. Current year loss from business Rs. 20,000
 - 5. Interest on securities Rs. 2,50,000
 - 6. Interest on bank deposits Rs. 42,000
 - 7. Depreciation allowable Rs.20,000
 - 8. Unabsorbed depreciation of 2012-13 Rs. 50,000
- Compute his taxable income for the year 2014-15

(2x5=10)

PART C

III. Answer any three questions. Each question carries 5 weight

- 17. What do you mean by set off and carry forward of losses. Explain the provisions of income Tax Act relating to set off and carry forward of losses.
- 18. What is gross total income? What are the deductions available from Gross Total Income under Chapter VI A of the Income Tax Act.
- 19. Define perquisites. What are the different types of perquisites ?

20. Mr. Ronald has three house properties. The details of which for the year 2014-15 are:

Particulars	H1	H2	H3
Purpose	Let out	Let out	Self Occupied
Municipal value	2,50,000	2,60,000	3,00,000
Fair rental value	2,00,000	2,28,000	2,50,000
Standard rent	2,10,000	2,34,000	2,80,000
Annual rent	2,40,000	2,04,000	Nil
Unrealised rent	20,000	17,000	Nil
Vacancy period	2 months	2 months	4 months
Municipal tax paid	20,000	14,000	20,000
Interest on loan borrowed for construction	65,000	48,000	2,20,000

Compute income from house property

21. The net profit of PQR Ltd, a Company engaged in biotechnology for the year ended 31st March, 2015 was Rs.42,50,000. The following items were debited to P/L A/c.

1. In house research and development expenditure Rs. 8,50,000 which includes raw material purchased for the purpose Rs.3,00,000, Plant and Machinery Rs. 3,00,000 and Land Rs.2,50,000
2. Advertisement Rs.1,00,000 which includes Rs. 50,000 spent on advertisement in souvenir of a political party.
3. Commission paid in cash to a broker Rs.50,000.
4. Compensation paid on VRS to 5 workers Rs.10,00,000
5. Depreciation Rs. 3,00,000 which includes unabsorbed depreciation Rs. Rs.60,000
6. VAT paid Rs.30,000.
7. Tax consultancy charges Rs.6,000
8. Provision for bad debts Rs. 5,000 and Provision for Income tax Rs.40,000

The following items were credited to P/L A/C

1. Rent received from employees on staff quarters allotted to them Rs.70,000
2. Profit on foreign currency devaluation Rs.20,000
3. Bad debts recovered which was earlier allowed. Rs.10,000.

Compute taxable profits of the company from business.

22. Mr. Franc is a government employee in a small town where population is less than 10 lakhs. His monthly salary during the financial year 2014-15 is as follows:

1. Basic pay Rs. 30,000
2. Dearness pay Rs.8,000
3. Dearness allowance 30% of salary
4. Contribution to PF 10% of salary
5. Interest credited on the balance in the PF @ of 12% Rs.12,000
6. Entertainment allowance Rs.2000 pm
7. Licence fee for the accommodation as per records Rs.2,000 pm
8. He paid life Insurance premium Rs. 30,000. On a policy of Rs.2,00,000 and professional tax Rs. 2,500 during the year.

During the year he received dividend from co operative society Rs.5,000 and interest on Post Office Savings Rs. 3,000.He donated Rs. 15,000 during the year to the National Illness Assistance Fund. On 31st March 2015, he sold a building for Rs, 7,50,000which was purchased in 1996 for Rs.1,20,000 and spent Rs. 1,00,000 on improvement and modification in 2010. The cost inflation Index: 1995-1996: 281, 2009-2010: 632 and 2014-15: 1024

Compute his total income and tax payable by him for the year 2014-15

(5x3=15)