

**LOYOLA COLLEGE (AUTONOMOUS), CHENNAI – 600034**  
**B.Com. DEGREE EXAMINATION – CORPORATE SECRETARYSHIP**  
**SIXTH SEMESTER – APRIL 2016**  
**BC 5508 – INCOME TAX LAW AND PRACTICE**

**DATE: 07-11-2016**

**Dept. No.**

**Max.: 100 Marks**

**Time: 9.00 – 12.00**

**PART – A**

**Answer ALL the questions:**

**(10 x 2 = 20 marks)**

1. What is a previous year?
2. What are allowances?
3. Write short note on “Unrealized rent”.
4. Define block of assets.
5. Explain deduction u/s 80 GG.
6. Mr. Subramani left India for the first time on 20.05 2012. During the financial year 2015-16, he comes, to India on May 27 and stayed for a period of 58 days in India. Determine his Residential status for the previous year 2015 -16 in India.
7. Calculate the amount of taxable annual accretion to RPF from the particulars given below:
  1. Salary Rs. 7,500 P.M
  2. Employer contributes to RPF @ 14% of salary.
  3. Interest credited during the year to RPF balance at 12% is Rs. 24,000.
8. Calculate ARV, from the particulars give below:

MRV	Rs.60000p.a	Actual Rent	Rs.7000 p.m
FRV	Rs.66000 p.a.	Standard Rent	Rs.69000 p.a.

House was vacant for full year during the previous year 2015-16
9. Miss. Kaviya sells the debentures in the year 2015-16 the details are as under(1) Sale Consideration Rs.9,00,000 , Year of acquisition 2014-15. Cost of Acquisition Rs.4,50,000. Calculate capital gains.
10. From the following, compute gross total income.

Income from salary	Rs.5,00,000
Loss from house property	Rs.75,000
Business Loss	Rs.1,50,000
Bank interest	Rs.3,00,000

**PART – B**

**Answer any FOUR questions:**

**(4 x 10 = 40 marks)**

11. Give the features of salary.
12. What are the deductions allowed from the annual value in computing taxable income from house property?
13. What are capital gains? What are its kinds?
14. a.) Compute the taxable HRA from the following:  
HRA received Rs. 1,000 p.m.  
Rent paid for rented house Rs. 1,500 p.m.  
Salary Rs. 10,000 p.m and D.A Rs. 500 p.m. forming part of salary.  
b.) A firm's stock of goods valued on 1.4.2015 and 31.3.2016 at Rs. 2,50,000 and Rs. 3,00,000 are at 20% below cost. Calculate the amount of under valuation of stocks.
15. Mr.P is the owner of a house property in Kanpur. It has been let out for Rs.90,000. The tax payable by the owner comes to Rs.8,400 on municipal valuation of Rs.84,000 but the landlord has taken an agreement from the tenant stating that the tenant would pay tax direct to the municipality. The landlord, however, bears the following expenses on tenant's amenities:

	Rs.
Water charge (as per agreement)	1,000
Lift maintenance	1,000
Salary of Gardener	1,200
Lighting of Stairs	800

The landlord claims the following deductions:

Repairs	30,000
Land Revenue	1,000
Collection Charges	2,000
Legal charges incurred on purchase of land on which house property is situated	24,000

Compute the taxable income from house property.

16. Mr. Y purchased a piece of land on 4.1.1978 for Rs.50,000. The land was sold by him during the previous year 2015-16 for Rs.6,00,000. The fair market value as on 1.4.1981 was Rs.1,20,000. Expenses on transfer were 2% on sale price. Compute taxable capital gain for the previous year 2015-16. CII-1981-81:100; 2012-13:852; 2015-16 is 1081.

17. Following are the incomes of Sri Rathnam for the previous year 2015-16

	Rs
i.) Profit from business in Bangalore	10,000
ii.) Income accrued in India but received in Japan	4,000
iii.) Profit from business in Canada but received in India	5,000
iv.) Income from house property in Karachi received in Bombay	4,000
v.) Profit from business established in England and deposited there, the business being controlled from India	20,000
vi.) Income from house property in America and deposited there	2,000
vii.) Past untaxed income brought into India during the P.Y	10,000

Compute the total income for the assessment year 2016-17 if he is a Resident, Not ordinary resident and Non resident.

**PART – C**

**Answer any TWO questions:**

**(2 x 20 = 40 marks)**

18. Write a note on partially taxable allowances.

19. Compute the salary income of Mr. Arumugam from the following:

- (a) Salary received (after deduction of income tax & RPF) Rs. 1,00,000
- (b) Income tax paid Rs. 10,000
- (c) RPF deducted Rs. 12,000
- (d) D.A at 20% of salary
- (e) Bonus Rs. 15,000
- (f) Leave salary Rs. 13,000
- (g) House rent allowance Rs. 1,000 p.m (The rent paid for the house in Chennai Rs. 1,300 p.m)

20. Mr. D & Co. are Chartered Accountants in Delhi. They have submitted the following Income & Expenditure Account for the year. Compute the income from profession.

<b>Expenses</b>	<b>Rs.</b>	<b>Income</b>	<b>Rs.</b>
To Drawings	48,000	By Audit fees	2,24,000
To Office Rent	42,000	By Financial Consultancy service	98,000
To Telephone installation charges under O.Y.T. scheme	15,000	By Dividends from an Indian Company (Gross)	6,000
To Electricity Bill	4,200	By Dividend on units of UTI	4,000
To Salary of Staff	66,000	By Accountancy works	24,000
To Charities	1,200		
To Gifts given to relatives	9,600		
To Car Expenses	21,000		
To Subscription for Journals	2,500		
To Institute fee	1,200		
To Stipends given to trainees	12,000		
To Net Income	1,33,300		
	<b>3,56,000</b>		<b>3,56,000</b>

i.) Depreciation of car during the year amounts to Rs.5,000

ii.) 30% of the time car is used for personal purposes.

21. Calculate the income from other sources from the following:

(a) Winning from lotteries (Net) Rs. 21,000

(b) Income from letting of building and furniture Rs. 12,500;

Expenses towards repairs of furniture Rs. 500 and depreciation towards building Rs. 1,000. The assessee owns the building.

(c) Dividend declared by an Indian Company Rs. 8,000 and collection charges Rs. 300

(d) Rs. 5,000 received as interest on government securities

(e) Rs. 4,000 received as interest on debentures of local authority

(f) Interest on 7 years Post Office NSC 7% Rs. 10,000.

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