



Date: 27-10-2018  
Time: 09:00-12:00

Dept. No.

Max. : 100 Marks

**Section – A (10 x 2 = 20 Marks)**  
**Answer ALL questions**

1. What is an assessment year?
2. Mr.Rajenderan left India for the first time on 15.12.17 and returned back to India on 02.02.2018.  
Determine his residential status for the assessment year 2018-19.
3. What is Provident fund?
4. Write a note on Gratuity.
5. Who is an individual under the Income tax act?
6. Mr.Rajan is an employee of the central government, gets Rs.6,000 p.m. as basic salary and entitled to Rs.1,500 p.m. as entertainment allowance. Compute the deduction u/s 16 (ii) from gross salary.
7. From the particulars given below compute Annual Rental Value  

	Rs.
Municipal Rental Value	40,000
Rent received	46,000
Fair Rental Value	42,000
Standard Rent	47,500
8. What is meant by unrealised rent?
9. Shekar purchased a motor cycle for his personal use on 1-1-1983 for Rs.15,000. He sold it for Rs.18,000 on 31-3-2018. Is the capital gain from sale of motor cycle includible in his gross total income? Give reasons.
10. Write short note on cost of acquisition.

**Section – B (4 x 10 = 40 Marks)**  
**Answer any FOUR questions**

11. Mr.D earns the following income during the FY:2017-2018.

	Rs.
(i) Dividend from Indian company	10,000
(ii) Pension from former employer in India received in America	40,000
(iii) Profit from business in Paris controlled in India (half remitted to India as received)	2,00,000
(iv) Income from house property in Ceylon received there	40,000
(v) Income from agriculture in Bhutan received there and brought into India	50,000

Compute taxable income if he is resident, not ordinarily resident or non-resident.

12. Mr.Ramkumar retired on 31-12-2017 and his pension was fixed at Rs.3,600 p.m. He got 3/4<sup>th</sup> of the pension commuted for which he received Rs.1,80,000 from his employer, a Ltd. Co. Find out taxable amount of commuted value of pension if:

- (a) He gets gratuity
- (b) He does not receive gratuity and
- (c) He is a Government Employee.

13. Mr.Natraj is employed in Delhi and gets the following salary emoluments.

	Rs.
Basic Salary	8,000 p.m.
DA	6,000 p.m.
Bonus	10,000
CCA	2,000 p.m.

Conveyance Allowance Rs.500 p.m. (actual amount spent Rs.4,000). He is provided with a rent free house. Calculate taxable value of rent free house on the assumption that the population is 26 lakhs.

14. Find out the annual value in respect of the following properties for the assessment year 2018-2019.

Particulars	I	II	III	IV
Municipal value (Rs.)	2,80,000	3,60,000	3,60,000	2,80,000
Fair Rent (Rs.)	2,90,000	3,70,000	3,70,000	2,90,000
Standard Rent (Rs.)	1,84,000	3,50,000	3,50,000	2,84,000
Annual Rent (Rs.)	3,36,000	3,36,000	3,90,000	3,36,000
Unrealised Rent (Rs.)	28,000	84,000	24,000	1,40,000
Period of Vacancy	½ a month	1 month	1 month	3 months
Loss due to vacancy (Rs.)	14,000	28,000	32,500	84,000

15. In June 1, 2006 Janaki received a gift of a Necklace valued at Rs.80,000 from her father-in-law who had purchased it in 1978 for Rs.15,000, Fair market value of the Necklace on 1-4-2001 was Rs.30,000 and Janaki sold the necklace in August 1, 2017 for Rs.4,40,000. Compute the taxable capital gain. (Cost inflation index 2001-02: 100; 2006-07: 122; and 2017-18: 272).

16. Explain in detail the Basic conditions and the Additional conditions to find out the residential status of an individual.

17. Explain the term 'Assessee'. State the different classes of Assesseees.

### **Section – C (2 x 20 = 40 Marks)**

**Answer any TWO questions**

18. Discuss in detail the provisions relating to exempted capital gain

19. Mr. Raman is an employee of private company in Chennai. He supplies you the following particulars of his income.

- (a) Basic Salary Rs.20,000 p.m.
- (b) D.A. 50% of salary (50% of D.A enters into pay for service benefits)
- (c) Marriage allowance Rs.600 p.m.
- (d) Education allowance Rs.270 p.m. (Allowance @ Rs.90 p.m. per child)
- (e) Bonus one month salary
- (f) Entertainment allowance Rs.1,200 p.m.

He and his employer contribute @ 16% of salary to RPF separately. During 2017-2018, he had received two months basic salary as advance which was included in the income of the previous year 2017-2018.

He is provided a rent free house owned by the employer. He also received a fixed medical allowance of Rs.300 p.m. Amount spent on medicines Rs.4,500 during the year. Calculate his salary income for the assessment year 2018-2019.

20. Following information is related to the assessment year 2018-2019.

Place of location of building - Chennai

Rent Received – Rs.2,250 p.m.

Municipal Valuation – Rs.21,000 p.a.

Rent of similar house let-outis Rs.20,000 p.a.

Local Taxes paid – 10% of Municipal value

Municipal health tax – 2% of Municipal value

This property was let out for residential purpose from 1<sup>st</sup> June 2017 after the previous tenant vacated it on 28<sup>th</sup> February 2017. The property was constructed between August 1992 to July 1993, with a loan of Rs.1,20,000, taken at 15% interest p.a. The loan outstanding in the previous year was Rs. 20,000. His other expenses are:

(a) Insurance premium on theft insurance policy Rs.400 and on fire insurance policy Rs.600 p.a.

(b) Rent collection expenses Rs.500 p.a.

(c) Government development cess Rs.200 p.a.

Compute the income from the house property for AY: 2018-19.

21. X owns a residential house at Delhi since 1968. The house is sold by him for Rs.1,40,00,000 on May 10, 2017 [cost of Acquisition; Rs.4,50,000 F.M.V. on April 1, 2001 Rs.6,10,000]. To claim exemption u/s 54, he purchases a residential house property at Ajmer on March 10, 2018 for Rs.2,51,000. On July 31, 2018 being the date of furnishing return of income for the assessment year 2018-2019; he deposits Rs.6,00,000 in bank account specified for the purpose of Section 54.

By withdrawing from the deposits account he constructs a residential building at Ajmer house which will be completed by May 9, 2019. Entire cost of construction is Rs.4,90,000. The unutilized amount in deposit account is withdrawn by him after May 10, 2020. Determine the amount of capital gain chargeable to tax. CII 2001-2002 =100; and for 2017-2018 = 272.

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