GOVERNMENT ARTS AND SCIENCE COLLEGE,

PEARAVURANI (Affiliated to Bharathidasan university )

INCOME TAX THEORY, LAW AND PRACTICE ( 16CCCCM14)

Author By

G.MUTHUKRISHNAN,M.Com,M.Phil.,Ph.D(doing)

Guest Lecturer,

Department of Commerce



DEPARTMENT OF COMMERCE

GOVERNMENT ARTS AND SCIENCE COLLEGE,

PEARAVURANI-614804

THANJAVUR- DISTRICT

SECTION-A

1. What is income tax?

Ans. Tax on income of a person imposed by the government.

1. What is assessment year?

Ans. The year in which previous years tax is assessed.

1. Calculation of exempted HRA.

Ans. Actual HRA (or) Excess of rent paid over 10% of salary (or) 50% (Metros)/ 40% (Non- metros) of salary – whichever is less is exempted.

1. Fair Rent.

Ans. The rental value at which a house property can fetch based on the rent prevailing for similar type of accommodation in same locality.

1. NAV.

Ans. Gross annual value- Municipal taxes.

1. Profession

Ans. Professed attainments and special knowledge through continuous application.

1. Any two disallowed business expenses.

Ans. Drawings/ Personal line insurance premium/ Rent paid to self.

1. Indexed cost.

Ans. Cost based on cost inflation index.

1. Taxation of income from lottery?

Ans. TDS of 30% on price winning / Exempted upto Rs.10,000 winnings.

1. Perquisites.

Ans. Any benefit attached to an office in addition to salaries and wages.

SECTION-B

1. Explain the types of income under income tax act.

Ans. Periodic market any return legal or illegal, cash or kind, income from salary, income from house property, capital gains, income form business, winning form lottery, dividends.

1. What are the five taxable allowances?

Ans. DA , CCA Medical ,Project ,Servant.

1. Compute expected rental value from the followings.

Ans. MRV Rs. 108000, FRV Rs. 120000 and standard Rent RS. 102000

Ans. Particulars Rs.

MRA 108000

FRV 120000

\_\_\_\_\_\_\_\_

Larger value 120000

Standard Rent 102000

\_\_\_\_\_\_\_\_\_\_

Low Value 102000

Answer is Rs. 102000

1. Compute the income from other sources of RAJA

Particular Rs.

Directors fees 20000

Interest from bank 6000

Income from undisclosed Sources 24000

Divident of shares (Gross) 12800

Grounded Rent 600

Ans.

Particular Rs.

Directors fees 20000

Interest from bank 6000

Income from undisclosed Sources 24000

Grounded Rent 600

\_\_\_\_\_\_\_

Income from other sources 50600

\_\_\_\_\_\_\_

1. State the two types of capital gains.

Ans.

1. Short term capital gains.
2. Long term capital gains.

SECTION-C

1. Explain the exempted income under income tax act. Sec.10.

Ans.

Agricultural income , life insurance sums, PF, ESI, scholarships, remunerations of foreign trainee, income of a new agent, death cum retirement gratuity, income of minor child,.

1. Compute taxable part of annual salary from in format given below.

Particulars Rs./

Net salary 72000

Income tax deduction 4000

Professional tax 1200

Premium dedicator by employer 1200

Rent of house deducted out of salary 3600

LIC 6000

Ans.

Taxable amount of salary Rs. 82000

(Rs.72000+4000+1200+1200+3600)

1. The following are the income received by Mr. Ramya during the assessment year 2019-2020.

Particular Rs/

Director fees 6000

Income from agricultural land in

Pakisthan 40000

Interest on postal SB a/c 1500

Interest on fixed deposit 1800

Winnings from lotteries 50000

Royalty on books (Exp 4000) 20000

Compute income from other source.

Ans,

Particular Rs/

Director fees 6000

Income from agricultural land in

Pakisthan 40000

Interest on fixed deposit 1800

Winnings from lotteries 50000

Royalty of books 20000

Expenses 4000 (-)

\_\_\_\_\_\_\_\_ 16000

Cross word Puzzle price 2500

\_\_\_\_\_\_\_\_

Income from other sources Rs. 116300

\_\_\_\_\_\_\_\_

.