**III- B.Com.(CA) VI-Semester**

## INCOMETAX LAW AND PRACTICE

**Time: 3Hrs Max-Marks:75**

**Part-A (10 X 2 = 20)**

**Answer all the Questions**

1. What is assessment year?
2. Define “ income”.
3. What do you mean by allowances?
4. Define salaries.
5. What is annual rental value?
6. Write the meaning of deduction.
7. State the meaning of profession.
8. What is meaning of valuation of stock.
9. Define capital gains.
10. Write the meaning of interest on securities.

**Part-B ( 5 X 5 = 25)**

**Answer all the Questions**

11. (a) state the residential status of a person.

(Or)

(b) What are the difference between capital expenditure and revenue expenditure?

12. (a) What are the four kinds of provident funds?

(Or)

(b) From the following particulars given below compute gross salary:

Salary Rs.148000, bonus Rs.12000, furniture at cost Rs.50000,

free gas water and electricity furnished flat provided to the employee, rent paid by the company Rs.78000

13. (a) Calculate the GAV from the particulars given below.

Actual rent 7,000 pm

FRV 66,000p.a

MRV 60,000p.a

Standard rent 69,000p.a

During previous year assesses could not realize rent for two months.

(Or)

(b) What are the items exempted income from house property?

14. (a) State the incomes chargeable under profits and gains of business or profession.

(Or)

(b) Briefly mention the deductions as per section 36 under incomes from business or

Profession.

15. (a) Compute taxable gain from the following information.

(i) Net consideration a residential house is Rs.15,00,000(2-06-2008-CII.582)

(ii) Cost of acquisition of this house Rs/. 3,00,000 [1-5-87-CII-150]

(iii) New house acquired on 01.09.2008 for Rs.2,50,000

(Or)

(b) Mr. Rahul held the following investments.

(i) Rs.90,000 10%(tax free) debentures of a listed company (rate of T.D.S 10%)

(ii) Rs. 1,00,000 12% Punjab Government loan bond compute his income from interest on securities for the A.Y 2017-18

**Part-C (3 X 10 = 30)**

**Answer any THREE Questions**

1. Explain the incomes are exempted from income tax Act(As per section 10)
2. Mr. Sundar is employed At Hyderabad at a basic salary of Rs. 25000pm and be is getting the following allowance.

|  |  |
| --- | --- |
|  | Rs. |
| Dearness allowance | 2000pm |
| Lunch allowance | 1000pm |
| servant allowance (he is paying Rs.1200pm) | 1000pm |
| Transport allowance | 1000pm |

Educational allowance @ 200 pm per child for three children

|  |  |
| --- | --- |
| Hostel allowance to one child | 500 pm |
| conveyance allowance | 800 pm |
| overtime allowance | 2000pm |
| officiating allowance | 2000pm |
| cash allowance | 1200pm |
| Entertainment allowance | 2000pm |
| Medical allowance | 800 pm |
| city compensatory allowance | 600 pm |
| HRA | 5000pm |

He is having a family is house at the place of his posting but he is living in a rented house and is paying a rent of Rs.7000pm. Find out his gross salary.

1. Mr. Balu owns a house property, consist of 3 independent units: Unit I = own residence,

Unit II = Let out; Unit III= own Business.

|  |  |
| --- | --- |
|  | Rs. |
| Municipal valuation | 1,20,000 |
| Fair rental value | 1,32,000 |
| Standard rent | 3,500,p.m |
| Municipal taxes | 14,400 |
| Repairs | 10,000 |
| interest on loan for purchase of property  unrealised rent | 96,000  3 months |
| Insurance  compute income from house property. | 2,000 |

1. Ms. kannan company are charted accountant in Delhi. Compute the income from profession from the following income and expenditure a/c.

|  |  |  |  |
| --- | --- | --- | --- |
| **EXPENSES** | **Rs.** | **INCOME** | **Rs.** |
| To Drawings | 48000 | By audit fees | 2,24,000 |
| To office rent | 42000 | By Financial consultancy service | 98000 |
| To Telephone charges | 15000 | By dividends from an Indian company | 6000 |
| To electricity bill | 4200 | By dividend on UTI units | 4,000 |
| To salary of staff | 66000 | By accountancy work | 24,000 |
| To charities | 1200 |  |  |
| To hifts given to relatives | 9600 |  |  |
| To car expenses | 21000 |  |  |
| To subscription for journals | 2500 |  |  |
| To institute fees | 1200 |  |  |
| To stipend given to trainees | 12000 |  |  |
| To Net income | 133300 |  |  |
|  | **3,56,000** |  | **3,56,000** |

**Hints**: a) Depreciation on car Rs. 5000. b) 30% of the item car is used for personal expenses.

1. Explain the deduction under section 80C.