



Avinashilingam Institute for Home Science and Higher Education for Women

(Deemed to be University under Category 'A' by MHRD, Estd. u/s 3 of UGC Act 1956)

Re-accredited with 'A+' Grade by NAAC. Recognised by UGC Under Section 12B

Coimbatore - 641 043, Tamil Nadu, India

Bachelor's Degree Examination –August 2020

VI Semester

Class: III UG
Major: Commerce

Time : 2 Hours
Max. Marks: 50

15BCOC30 Income Tax Law and Practice -II Part A

10X1=10

Choose the Correct Answer

- Income of an individual is clubbed with the income of spouse or minor children's or other family members under the provisions of
 - Section 55
 - Section 64
 - c. Section 82
 - Section 91
- Deductions u/s 80C in respect of LIP, Contribution to provident fund, etc is allowed to
 - Any Assessee
 - An Individual
 - An Individual or HUF
 - An Individual or HUF who is resident in India
- The quantum of deduction allowed u/s – 80 U
 - Rs. 40,000
 - Rs. 50,000
 - Rs. 60,000
 - Rs. 1,00,000
- Speculation loss can be carried forward for
 - 10 Years
 - 8 Years
 - 5 Years
 - 4 Years
- Inter head set-off against income under other heads can be done under I.T.Act 1961
 - Section 51
 - Section 71
 - Section 91
 - Section 99
- Unabsorbed depreciation which could not be set off in the same assessment year, can be carried forward for
 - 8 Years
 - Indefinitely
 - 4 years
 - 5 Years
- 80GGA available for the donation made to
 - Charitable institution
 - Educational institution
 - Research associations
 - Religion organization
- Determining tax liability is called
 - Scrutiny
 - Enquiry
 - Assessment
 - Evaluation
- The Filing returns by salaried employees through their employer is done by
 - Form 10
 - Form 12(a).
 - Form 25(c).
 - Form 16(aa)
- The number allotted by income tax authorities to assesses for identification and which should be quoted in all documents and correspondence is
 - ID No
 - Register No
 - Permanent Account Number(PAN)
 - Licence No

Part B**3 x 6 = 18**Answer any **Three** questions**Each answer should not exceed 400 words or two pages**

11. Under what circumstances income of other persons can be included in the income of assessee under income-tax Act, 1961 ?
12. Discuss whether the provision of clubbing of income of minor shall be applicable or not, in each of the following cases:
- Ram Prasad deposited Rs.5,00,000 in the name of his grand son, monu, under fixed deposit account. The deposit carries an annual interest income of Rs.50,000.
 - sadhika a minor child artist (aged 10 years) acted in a bollywood movie and earned Rs.5,00,000 from the film producer .
 - continuing with case b. above ,further supposed that Rs.5,00,000 earned by sadhika is deposited in Punjab national bank (fixed deposit account)in her name . The fixed deposit carries annual interest of Rs.70,000.
 - X, a minor aged 13 years is suffering from physical disability specified u/s 80u.His grandfather deposited Rs.10,00,000 in his name in state bank of india (fixed deposit account). The rate of interest is 11% p.a
13. What do you understand by the Qualifying amount u/s 80G? What are the provisions of the Act in this connection?
14. Mr. A got medical insurance of all family members and premium in the previous year 2018-19 as members:
- medical insurance of self paid by cheque Rs.10,000
 - medi claim premium of wife paid in cash Rs.5,000
 - medical insurance premium of 16 years old son paid by cheque to a private insurance company approved by insurance regulatory and developed authority Rs.3,000
 - medi claim premium paid on the medical insurance of his father and mother Rs.22,000
 - medi claim premium on the policy of dependend younger brother Rs.4,000
 - preventive medical check up of wife Rs.4,000
15. The following are the particulars of income /loss of Mr.A . you are required to set-off losses and carry farward and set off where necessary :

	Assessment year 2018-19 Rs.	Assessment year 2019-20 Rs.
Income from salary (computed)	15,000	15,000
Income from interest on securities (gross)	5,000	5,000
Loss from business	53,000	15,000
Short term capital gain	8,000	-
Long term capital gain(land)	21,000	-

16. From the following particulars, determine assessable profit or loss to be carried forward as the case may be for the assessment year 2019-20

	Rs.
a) Loss for 2011-12 carried forward	1,00,000
b) Loss for 2012-13 carried forward	15,000
Depreciation allowance for 2012-13 carried forward	5,000
c) loss for 2013-14 carried forward	10,000
depreciation allowance for 2013-14	5,000
d) loss for 2014-15 carried forward	5,000
depreciation allowances for 2014-15 carried forward	2,500
e) loss for 2015-16 carried forward	5,000
depreciation allowances for 2015-16 carried forward	2,500
f) profit for 2016-17	15,000
depreciation due for 2016-17	5,000
g) profit for 2017-18	50,000
depreciation due for 2017-18	10,000
h) profit for 2018-19	1,20,000
depreciation due for 2018-19	10,000

17. What is Best Judgment Assessment? Under What conditions is it made by the Assessing Officer?

18. Write short notes on the following:

- a) Belated return b) Self Assessment c) Time-limit for the completion of Assessment

19. Compute the total tax liability of Mr.A for the assessment year 2019-20 if his total income is
a. 2,31,670 b. 2,64,371 c. 10,11,549

20. Compute the liability for the assessment year 2019-20 of an individual from figure given below:

- a) Gross salary Rs.2,86,000
b) House property rent Rs.20,000
c) Long term capital gains Rs.20,000
d) Winning from lottery Rs.50,000
e) Interest on debentures Rs.4,400
f) Qualifying amount for deduction u/s 80c :Rs.10,000

Part C

2 x 11 = 22

Answer any **Two** questions

Each answer should not exceed 800 words or four pages

21. From the particulars given below compute the total income of Mr.X for the assessment year 2019-2020 explaining each point clearly :

	RS
a. Income from profession	86,500
b. Income of minor son (Singing in his profession)	12,000
c. Winning form lottery ticket purchased on the name of the Mr.X's minor daughter	6,800
d. Mr.X's father gifted debentures in an Indian company to Mr.X's minor son and Company paid gross interest	6,650
e. Mr.X's wife is a government servant and her income computed under the head salaries	56,000
f. Interest on debentures purchased by Mr.X but gifted to Mr.X	18,000

22. What are the provisions of law regarding the clubbing of spouse and other family members in the income of individual?
23. Discuss briefly the provisions of the Income Tax Act regarding deductions to be made in computing the total income of an assessee in respect of certain payments.
24. Sh.S.K.Basu is in service in Calcutta (population above 24 lakhs) drawing a monthly salary of Rs.15,000.p.m. and D.A @ 100 % of salary.he is also provided with a rent-free unfurnished flat,for which employer pays rent of Rs.2,500.p.m.He contributes 10% of his salary to a recognised provident fund. The interest @ 8% on his provident fund account for the year ended 31st march 2019 accounted to Rs.2,500. He is also the owner of a house which is let at a monthly rent Rs.2,500.His expenses for house were:

a) municipal taxes	Rs.3,000
b) interest on loan for construction of the house	Rs.6,600
c) Repairs	Rs.500

He has also interest on government securities amounting to Rs.14,000 (gross) he has also received a share from a firm assessed as firm of Rs.5,000 and his share of firm's tax amounts to Rs.600.he has paid life insurance premium for a policy on his own life Rs.700. He paid medical insurance premium of Rs.8,000 through a bank draft .He paid Rs.2,000 to P.M.National relief fund.

Compute the total income of Shri Basu.

- 25.The following are the particulars of income and loss of Mr.X for the assessment year 2019-20

	Rs.
House property income	32,000
Income from Business	
Business –A	
Profit from business for the year previous year 2018-196	4,000
B/F business loss of previous year 2017-18	-22,000
B/F business loss of previous year 2016-17	-16,000
Business –B	
Business profit for the previous year 2018-19	28,000
B/F Business loss of previous year 2016-17	- 12,000
Business –C	
Business discontinued in November 2018 and loss upto the date of discontinuance -	40,000
Business –D	
B/F Business loss	-65,000
(business discontinued during previous year 2015-16	
Income from other sources :	
Lottery income	50,000
Loss from card game	10,000
Dividend from shares in indian companies	12,000
Deemed dividend u/s 2(22) (e)	20,000
Interest on debentures held as stock-in-trade	40,000
Capital gains	
Long term capital gain on sale of land	1,20,000
Long term capital loss on sale of shares (STT)	1,50,000
Short term capital gain on sale of shares	60,000

Compute Mr.X gross total income .

26. Atul , an Indian resident, furnishes the following particulars of his income for the assessment year 2019-20. You are required to deal with set-off and carry forward of losses.

	Rs.
a) income from securities (gross)	10,000
b) income from residential houses (computed)	5,000
c) profits from Rayon business	25,000
d) income from an agency business	2,000
e) speculation income	2,000
f) short term capital gain	4,000
g) long term capital gain	9,500

The carry forward items from the assessment year 2018-19 are :

a) loss from hosiery business (discontinued in 2016-17)	4,000
b) loss in agency business	3,000
c) loss from Rayon business	3,000
d) speculation loss	4,000
e) short term capital loss	6,000
f) long term capital loss(of previous year 2016-17)	6,500

Current year's depreciation for rayon business is Rs.500

27. Explain the procedures regarding assessment with special reference to completion of assessment u/s 143(2).

28. Explain the provisions relating to "Block Assessment" of undisclosed income.

29. From the particulars given below, Compute the total income and tax payable of Mr.Deb,

Central government employee working at Chandigarh :

	Rs.
a. i. Salary	25,000 p.m
ii. T.A.Bill	5,000 p.a
iii. Actual expenditure	6,000 p.a
iv. Bonus	25,000
v. His contribution to statutory providend fund	1,700 p.m
vi. Employer contribution to S.P.F.	10% of salary
vii. Interest on accumulated balance of S.P.F. @13%	12,000
viii. Entertainment allowances	1,000 p.m.

b. He owns two houses, one of which is let out at a rent of Rs.4,000 p.m. and other (whose annual value is Rs.10,000) remained vacant throughout the year on account of his employment at ambala where he has taken a house on rent. The two houses are subject to municipal taxes of Rs.5,000 and Rs.1,000 respectively.

c. During the year he sold shares of hero Honda ltd, and earned a short-term capital gain of RS.50,000. (STT Paid)

d. He earned Rs.11,500 as interest from the government securities and bank interest on SBI fixed deposit Rs.11,000 and on a saving account Rs.10,600.

He pay life insurance premium of Rs.25,000 on his life policy of Rs.4,00,000. He deposited Rs.10,000 in home deposit account.

30. Smt.Sakthi employed as a manager in a company at Mumbai (population above 25 lakhs) provide the following details of her income for the year ended 31 march 2019:
- a) Salary @ Rs. 25,000 per month
 - b) Dearness allowances @Rs.10,000 per month (it enters for service benefit)
 - c) Bonus equal to 4 months salary
 - d) Entertainment allowances @ Rs.3,000 p.m
 - e) Provided with an unfurnished accommodation the fair rental value of which is Rs.5,000 p.m
 - f) Hospitalisation expenses (self) in a private hospital (unapproved) Rs.25,000 borne by employer.
 - g) Her contribution to recognise provident fund @14%of salary. Employer contributed an equal amount. Interest credited to provident fund @11% is Rs.2,200
 - h) She encashed two months leave (including D.A) during the year.
 - i) Interest on government securities Rs. 13,000.
 - j) Interest received from post office saving bank account Rs.2,000 (single name account).
 - k) She let put her house property at Delhi @Rs.3,000 p.m. she could not realise the rent for months of January and February . The municipal valuation of the houses is Rs.33,000. Municipal taxes paid @ 10%.
 - l) She sold one house for Rs.2,10,000 on 1-4-2018. This house was purchased by her on 15th may 2005 for Rs.90,000.
 - m) She sold another house on 20-4-2018 for Rs.1,27,800. This house was purchased by her for Rs.45,000 on 1-5-2015 (C.I.I.for 2005-06:117, for 2015-16 :254 and for 2018-19:280)
 - n) Income from units of UTI Rs.8,000
 - o) Deposited in national savings schme,1992, Rs.15,000
 - p) Donation to national defence fund Rs.5,000
 - q) Donation to P.G.I.,Chandigarh for family planning Rs.8,000.
 - r) Spent Rs.35,000 on the medical treatment of specified disease of her grandfather (depended) aged 80 years.

Compute total income and tax liability of Smt.Sakthidutta for the assessment year 2019-20.
