

**Avinashilingam Institute for Home Science and Higher Education for  
Women, Coimbatore-641043  
Bachelor's Degree Examination – November 2017**

**III Semester**

**Class : II UG  
Major : B.Com (PA)**

**Time : 3 Hrs  
Max.Marks : 100**

**15BCPC11 Direct Taxes - I**

**Part – A**

**10x1=10**

**Choose the correct answer**

1. Representative assessee is also known as \_\_\_\_\_
  - a. Ordinary assessee
  - b. Assessee in default
  - c. Deemed assessee
  - d. All the above
  
2. A foreign company, control and management is partly controlled from India and partly from Africa will be termed as \_\_\_\_\_
  - a. Non - resident
  - b. Resident
  - c. Ordinary resident
  - d. None of the above
  
3. Reimbursement of medical expenses, if treated in a private hospital is exempted up to \_\_\_\_\_
  - a. Rs.25,000
  - b. Rs.15,000
  - c. Rs.10,000
  - d. Fully exempted
  
4. Standard deductions U/S 24 should be calculated on \_\_\_\_\_
  - a. Gross annual value
  - b. Net annual value
  - c. Income from house property
  - d. Actual rent
  
5. Deductions towards contribution to Approved Scientific Research Association is \_\_\_\_\_
  - a. upto 100%
  - b. upto 200%
  - c. upto 125%
  - d. upto 175%
  
6. Any gain from sale of depreciable asset will always be treated as \_\_\_\_\_
  - a. short term capital gain
  - b. long term capital gain
  - c. based on the duration of such asset held by the assessee
  - d. both (a) and (b)
  
7. Grossing up rate for interest on listed and unlisted securities is \_\_\_\_\_
  - a. 25%
  - b. 10%
  - c. 15%
  - d. 30%
  
8. Which of the following is not included in the scope of income \_\_\_\_\_
  - a. Less - Tax Government Securities
  - b. Tax – Free Government Securities
  - c. Less – Tax Commercial Securities
  - d. Tax – Free Commercial Securities
  
9. Donations to political parties are dealt U/S \_\_\_\_\_
  - a. 80 GGB and 80 GGC
  - b. 80 1A and 80 GGB
  - c. 80 G and 80 GG
  - d. 80 GGA and 80 GGB
  
10. Speculative Business loss can be carried forward for a period of \_\_\_\_\_
  - a. 4 years
  - b. 8 years
  - c. 10 years
  - d. Indefinitely

## Answer the following

Answer should not exceed 400 words or two pages

11. a. How to treat Capital and Revenue Losses?  
(or)
11. b. From the following details calculate the total income of Ms. Praveen, if he is  
(i) Ordinary resident (ii) Not-ordinary resident (iii) Non-resident.  
a) Dividend from Indian company Rs. 1,00,000  
b) Dividend from a foreign company Rs. 1,50,000 received in India  
c) Income from business in Kenya but controlled from India Rs. 2,00,000  
d) Income from business in Switzerland but controlled from Bangladesh Rs. 5,00,000  
e) Income accrued in Indonesia Rs. 2,50,000, 2/5<sup>th</sup> received in India.
12. a. Ms. Karishma Agarwal is a salaried employee working in Uttaranchal and she gives the following details.  
Basic salary Rs. 10,000 p.m. for 6 months and Rs. 15,000 p.m. for the next 6 months during the previous year. DA 40% of total basic salary (50% forms part of salary) A turnover of Rs. 1,00,000 has been achieved. Commission on turnover at 2% HRA and Rs. 12 (Rs. 15,000 pm paid as rent). Calculate taxable HRA.  
(or)
12. b. Calculate Net Annual Value from the following.  
Municipal Rental Value Rs. 3,000 per month  
Fair Rental Value (FRV) Rs. 3,250 per month  
Actual Rent (AR) Rs. 4,000 per month  
Municipal Tax 10%
13. a. Explain the rules based on which income is charged under the head Income from Business or Profession.  
(or)
13. b. From the following Calculate taxable capital gain of Mr. James.  
(i) Sale of residential house on 31<sup>st</sup> Dec 2015 Rs. 15,00,000  
(ii) Purchase of another residential house in March 2016 Rs. 2,00,000  
(iii) Investment in hands on 15<sup>th</sup> Jan 2016 which qualifies for U/S 54 EC Rs. 50,000.  
House which was purchased in the year 1998 – 99 for Rs. 3,00,000 was sold on 31<sup>st</sup> Dec 2015 (CII : 1998 – 99 : 331; 2015 – 16 : 1024)
14. a. Explain the various deductions that can be claimed while calculating income from other sources.  
(or)
14. b. Calculate income from the sources from the following.  
(i) Income from agricultural land in Pakistan Rs. 43,000  
(ii) Income from royalty Rs. 5,000, Actual expenditure spent for this Rs. 500  
(iii) Salary as member of parliament Rs. 4,000 p.m.  
(iv) Winning from crossword puzzle Rs. 10,000  
(v) Rental income from plant & machinery Rs. 40,000 excluding Rs. 2,000 for repairs and Rs. 5,000 for depreciation.
15. a. Mr. Shaji has gross total incomes at Rs. 4,25,000 for the previous year, she has contributed for the following.  
(i) Municipal corporation for promotion of family planning Rs. 42,000  
(ii) Minority community corporation Rs. 15,000  
(iii) National children's fund Rs. 5,000  
(iv) Africa fund Rs. 10,000  
Calculate her taxable income.  
(or)
15. b. From the following particulars calculate taxable income of Mr. Manas Gupta.

- (i) Business loss carried forward from the assessment year 2017 – 18  
Rs.10,000
- (ii) Long - term capital loss Rs.20,000
- (iii) Net profit from business Rs.50,000
- (iv) Loss from house property
  - (a) Let out property Rs.3,000
  - (b) Self occupied property Rs.7,000

**Part – C**

**5x12=60**

**Answer the following**

**Answer should not exceed 800 words or 4 pages**

16. a. Explain agricultural income and the procedures regarding how it should be taxed.
- (or)
16. b. Explain in detail about which incomes are taxable for ordinary resident, not ordinary resident and non-resident.
17. a. Calculate income from salary of Ms. Gurupriya who, is working in sigma Ltd, from the following information's.

	Rs
Basic salary	11,000pm
DA (not forming part)	6,500pm
Dog allowance	75pm
Special allowance	80pm
Bonus	10,000
Academic research allowance	2,100pm
Washing allowance	150pm
Facility of light and water(employer has paid the amount)	8,000
Salary of April 2016 received during the current PY	11,550

(or)

17. b. Mr. Arun owns two houses, one in Mumbai and another in Kolkata. The house in Mumbai has a municipal valuation of Rs.1,85,000 and FRV of Rs.1,75,000. The house comes under the rent control act and the rent fixed by the rent control act is Rs.1,60,000. The house has been let out at a monthly rent of Rs.15,000 from 1<sup>st</sup> may 2015 to 31<sup>st</sup> dec 2015. From 1<sup>st</sup> jan 2016 the rent was increased by Rs.2,000. Rent for the month of march 2016 could not be realized. The municipal valuation of Kolkata house is Rs.1,45,000 and FRV is Rs.1,55,000. This house is actually let out at a rent of Rs.6,000p.m. The house is occupied throughout the year. Calculate net annual value, if 10% is municipal tax, out of which 25% is due. The Mumbai house was vacant in April 2015.

18. a. From the following P & L A/C calculate Income from Business.

	Rs		Rs
To salary to staff	25,000	By gross profit	2,00,000
To provision for bad debts	22,000	By commission & Discount	2,25,000
To bad debts	5,000	By short term profit on sale of investment	45,000
To provision for taxation	2,000		
To expenditure on purchase of copy right on 12 <sup>th</sup> feb 2016	10,000		
To donation	21,000		
To interest on bank loan	15,000		
To depreciation on P & M	5,000		
To Net profit	3,57,000		
	4,70,000		4,70,000

- (i) Depreciation on P&M according to income tax provision Rs.9,000

- (ii) Salary to staff includes Rs.8,000 to a relative which is unreasonable to the extent of Rs.4,000
- (iii) Income from company deposit Rs. 15,000 is not shown in P&L A/C.

(or)

18. b. Mr. Senthil purchased a house in Chennai in dec 2012 for Rs.2,50,000. On 18<sup>th</sup> march 2015 he entered into an agreement to sell the property to Mr. Rajasekhar for a consideration of Rs.4,00,000 and received earnest money (advance money) of Rs.50,000. As per the terms of the agreement, the balance payment should be made within 30 days of the agreement and if not the earnest money be forfeited. As Mr. Rajasekhar could not make the payment within the stipulated time the amount of Rs.50,000 was forfeited by Mr.senthil. subsequently on 20.5.2015, Mr.senthil sold the house to Mr.bala for Rs.5,50,000. He paid 3% brokerage on sale of the house. Calculate taxable capital gains for the current assessment year. CII for 2012-13 is 785 and 2015-16 is 1024)

19. a. Calculate income from other sources from the following.

- (i) winning from lotteries (net amount) Rs.21,000
- (ii) 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
- (iii) Dividend declared by an Indian company Rs.8,000 collection charges Rs.100
- (iv) Rs.5,000 received as interest on government securities
- (v) Rs.4,000 received as interest on debentures of local authority
- (vi) Rs.3,000 received as interest on debentures from Abi Ltd (non – listed)
- (vii) Interest on 7 years post office Nsc @7% Rs.10,000

(or)

19. b. Under what circumstances income of other persons can be included in the income of assessee under Income Tax Act 1961? Explain

20. a. Calculate the taxable income of Mr. Anand from the following if the gross total income is Rs.2,50,000.

- (i) Life insurance premium of Mr. Anand paid Rs.900
- (ii) Contribution towards LIC pension fund Rs.1,000
- (iii) Medical insurance Rs.10,000
- (iv) Expenditure on medical treatment for disabled relative Rs.14,500
- (v) Donation to Indian Army Rs.5,000
- (vi) Donation to Government of India for family planning Rs.25,000

(or)

20. b. From the following particulars of Ms. Mrinal calculate the taxable income.

	Rs
(i) Income from salary	2,50,000
(ii) Income from house property	
House – 1	1,12,000
House – 2 (self occupied)	(-) 1,50,000
(iii) Profits and gains of business:	
Business – 1	1,10,000
Business – 2	(-) 46,000
Business – 3 (discontinued) and unabsorbed loss C/F from AY 2011-12	(-) 90,000
(iv) Capital gains:	
Short-term capital gain	80,000
Short-term capital loss	(-) 50,000
Long-term capital gain	77,000
(v) Other sources	
Winnings from lotteries	1,20,000
Interest income	55,000