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Register Number:

Name of the Candidate:

**M.Com. DEGREE EXAMINATION, May 2015****(SECOND YEAR)****630: INCOME TAX LAW & PRACTICE****(Old Regulations)****(Group – A)**

Time: Three hours

Maximum: 100 marks

**SECTION - A****Answer any FIVE questions****(5 × 8 = 40)**

1. Explain how the liability of an assessee is determined with reference to his residence.
2. Explain the term "Allowance" and discuss various types of allowance.
3. What are the provisions of law relating to preliminary expenses under income from business?
4. Under what circumstances income of other person can be included in the income of assessee under Income Tax Act 1961.
5. Are there any special provisions for setting off losses in respect of speculation business.
6. What is the time limit for filing of return of Income under the Income tax Act.
7. What are the provisions relating to deduction of tax at source from income chargeable under the head "Salaries" and income from Dividends?
8. Describe the procedure of an appeal to the deputy commissioner (Appeals)

**SECTION - B****Answer any THREE questions****(3 × 20 = 60)**

9. The following are the incomes of Rajesh Kumar for the previous year 2011-2012.

	₹
Interest received from a non - resident Mr. Abdul, on the loan provided to him	25,000
Share of Income from Indian Partnership firm	50,000
Dividend from the Indian Company	10,000
Profit from business on Japan received in India	20,000
Profit from business in Pakistan deposited in a bank there. This business is controlled from India.	1,50,000
Profit from business in Indore (Controlled by London Head Office)	1,00,000

Income was earned in America and received there, but brought in India.	40,000
Income from house property in India received in America (Computed)	62,000
Interest on debentures of an Indian company received in Dubai	25,000
Capital Gain on sale of agricultural land situated at Ajmer	48,000

Compute his taxable income, if he is: (a) Resident; (b) Not-ordinarily resident and (c) Non-resident.

10. Mr.B. owns a house property at Cochin. It consists of 3 independent units and information about the property is given below:

UNIT - 1: Own Residence	
UNIT - 2: Let out	
UNIT - 3: Own business	₹
MRV	1,20,000 p.a
FRV	1,32,000 p.a
Standard Rent	1,08,000 p.a
Rent	3,500 p.a
Unrealized Rent for three months	
Repairs	10,000
Insurance	2,000
Interest on money borrowed for the construction of property	96,000
Municipal Taxes	14,400
Date of Completion	1-11-2006

Calculate Income from House property under Unit - 1, Unit - 2 and Unit - 3.

11. Mr.M is a production manager of an Industrial unit at Chennai. The particulars of his salary income are as under:

Basic Salary	₹
Dearness Allowance (given under the terms of employment)	15,000 p.m
Entertainment Allowance	5,000 p.m
Medical Allowance	1,000 p.m
House Rent Allowance	500 p.m
Rent paid for the house	4,000 p.m
Car of 1.2 Lt. Capacity provided by employer for private and official use	5,000 p.m
Employer meet expenses of car	
He and his employer (each) contribute 15 % of salary to R.P.F	
Mr.M has taken interest free loan of Rs. 15,000/- to purchase refrigerator	

Compute income under the head salary for the assessment year 2012 - 13.

12. A who is a lecturer in a college, is getting salary of Rs. 19,500 per month plus 40% of salary as dearness allowance. He contributes 10% of his salary to recognized provident fund to which the college contributes an equal amount. He

is also a hostel warden and is provided with rent free quarters the annual rental value of which is Rs 36,000. He owns a bungalow let-out for Rs. 16,000 per month and for which he pays municipal taxes amounting to Rs 6,000 per annum. During the year ended 31st march, 2007 he earned the following incomes:

- i. 15% dividend on shares of ₹ 15,000 in the Hindustan chemicals ltd.
  - ii. Received ₹ 70,000 gross as winnings from Punjab state lottery.
  - iii. 10% interest in ₹28,000 invested in government securities.
  - iv. 9% interest on debentures of ₹28,000.
  - v. He has insured his life for ₹45,000 and paid ₹4,250 by way of premium on his life policies during the year ended 31<sup>st</sup> March 2006.
  - vi. He Paid ₹26,000 to Punjab University Chandigarh for research in the filed of Bio-sciences.
  - vii. 9% interest on debentures of ₹15,000
  - viii. ₹ 1,505 as dividend on the units of unit trust of India.
  - ix. He invested ₹8,000 in a pension fund set up by LIC.
- Calculate his total Income.

13. From the following statements, compute the Income from Profession of Dr.S.K.Kapoor if accounts are maintained on mercantile system.

	₹		₹
To Dispensary Rent	36,000	By Visiting fee	45,000
To Electricity and water charges	6,000	By Consultation fee	1,25,000
To Telephone expenses	6,000	By Sales of Machines	72,000
To Salary to nurse and Compounder	36,000	By Dividends	5,000
To Dep. on Surgical equipment	6,000		
To Purchase of Medicines	36,000		
To Depreciation of X – ray Machine	4,000		
To Income Tax	5,500		
To Donation to Rama Krishna Mission	4,000		
To Motor Car Expenses	9,600		
To Dep. On Car	4,800		
To Net Income	93,100		
	<b>2,47,000</b>		<b>2,47,000</b>

**Note:**

1. Electricity and water charges include domestic bill of ₹2,500/-
  2. Half of motor car expenses are for professional use
  3. Telephone expenses include 40% for personal use
  4. Opening stock of medicines was ₹6,000 and closing stock was ₹4,000/-
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