

DECEMBER 2018

U/ID 22359/UCYG

Time : Three hours

Maximum : 100 marks

SECTION A — (10 × 3 = 30 marks)

Answer any TEN questions.

1. Who is an Assessee?
2. State any three features of Income.
3. What is meant by Provident Fund?
4. State the deductions available while computing income from house property.
5. What is meant by Profession?
6. What is Capital Asset?
7. What is the meaning of Dividend?
8. Write a note on Section 80 DD.
9. Mr. X is an employee of A Ltd., receives ₹ 6,20,000 as gratuity (He is covered under the Payment of Gratuity Act, 1972). He retires on January 31, 2018 after service of 29 years and 8 months. At the time of retirement his monthly salary was ₹ 31,000. Determine taxable amount of gratuity.

10. Compute Net Annual Value of the following:

Municipal Value — ₹ 48,000 p.a

Fair Rental Value — ₹ 50,000 p.a

Standard Rent — ₹ 45,000 p.a

Rent Received — ₹ 47,000 p.a

Municipal Tax 10% (50% paid by the tenant).

11. Mr. X sells the Debentures in the year 2017-18. The details are:

Sale consideration ₹ 6,00,000; Year of Acquisition — 1999-2000;

Cost of Acquisition ₹ 3,00,000. Compute capital gain.

12. Compute Income from Other Sources:

Interest on Deposit with a Company — ₹ 10,000

Royalty for writing books — ₹ 80,000

(Expenditure on writing books ₹ 20,000)

Interim Dividend declared on 1.3.2018 — ₹ 6,000.

SECTION B — (5 × 6 = 30 marks)

Answer any FIVE questions.

13. Explain the procedure for computation of Short term capital gains.
14. How do you compute income from let out house property?
15. How do you compute the value for rent free unfurnished accommodation?
16. Which of the following incomes are taxable when the residential status of Mr. X is
 - (a) Resident;
 - (b) Not ordinarily resident and
 - (c) Non resident
 - (i) Income accrued in Canada but received in India ₹ 20,000
 - (ii) ₹ 50,000 were earned in Africa and received there but brought to India.
 - (iii) ₹ 50,000 earned in India but received in Canada
 - (iv) ₹ 1,00,000 earned and received in Sri Lanka from a business controlled from India.
 - (v) House Property income (computed) from Sri Lanka ₹ 20,000
 - (vi) Profit earned from business in Kanpur ₹ 1,00,000.

Particulars	₹	Particulars	₹
Income tax	4,000		
Donation to a school	3,000		
Car expenses	3,000		
Net Profit	<u>29,300</u>		
	<u>82,000</u>		<u>82,000</u>

Additional information :

- (a) Depreciation as per IT rules is ₹ 2,500 only (including sign board depreciation)
- (b) General expenses include Rs. 500 being proprietor's drawings.

17. From the following details relating to Mr. X, compute income chargeable under the head 'Salaries'

Basic Salary ₹ 40,000 per month

House rent allowance ₹15,000 per month

Commission ₹ 80,000 per annum

Bonus ₹ 60,000 per annum

Income tax deducted ₹ 2,000 per month

Provident Fund deducted ₹ 3,500 per month

Professional tax deducted ₹ 400 per month

He pays a House rent of ₹ 12,000 per month at Coimbatore.

18. Calculate income from house property of the following details:

Municipal value ₹ 25,500; Fair rental value ₹ 37,500; Standard rent ₹ 40,000; Actual rent ₹ 4,000 per month; Municipal tax paid by the owner ₹ 2,250; Interest on loan taken for his daughter's marriage ₹ 12,000. Unrealised rent recovered ₹ 2,500 which was allowed as deduction.

19. Compute Dr. X's professional income.

Consultation fees ₹ 1,20,000; Gifts from patients ₹ 18,000; Gifts from relatives ₹ 6,000; Sale of medicines ₹ 42,000; Staff salaries ₹ 48,000; Medicines purchased ₹ 36,000; Donations ₹ 6,000; Personal expenses ₹ 33,000.

20. From the following details calculate capital gain.

- (a) Sale consideration of residential house ₹ 40,00,000 on 26.10.2017 (CII-272)
- (b) Cost of acquisition of the house on 1.8.2012 was ₹ 8,27,500 (CII-200)
- (c) New residential house acquired on 2.2.2017 for ₹ 17,24,500.

SECTION C — (2 × 20 = 40 marks)

Answer any TWO questions.

21. State the procedure for computation of Business Income.

22. Mr. X, an Indian Citizen, resident in India furnished the undernoted particulars of his income for the year ended 31st March, 2018.

Basic Salary ₹1,44,000; Dearness Allowance ₹28,800; Own contribution to Recognized Provident Fund calculated on basic salary ₹20,160; Employer's contribution to the said fund ₹20,160; Interest on the balance in Recognized Provident Fund not exceeding the prescribed rate ₹14,000; Bonus ₹12000; He was provided with a small car for which the employer paid all the running and maintenance costs. The car was used for personal as well as office purposes. He was also provided with rent free accommodation at Kolkata for which the employer paid a rent of ₹1,250 per month. He was allowed the use of one refrigerator and an air-conditioner costing ₹ 8,000 and ₹ 12,000 respectively. Life insurance premium of ₹ 12,000 was paid by his employer on an insurance policy for ₹ 2,40,000 on his life. Compute his taxable salary for the assessment year 2018-19.

23. Mr. X owns two houses and both are used by him for his self residence. You are required to compute the house property income for the Assessment Year 2018-19 from the following information:

Particulars	House I (₹)	House II (₹)
Fair Rent	72,000	68,000
Municipal Value	84,000	52,000
Standard Rent	90,000	60,000
Municipal tax levied	20,000	1,40,000
Municipal tax paid	10,000	7,000
Repairs	14,000	12,000
Interest on loan borrowed	62,000	18,000

24. From the following Profit and Loss Account of Mr. Y for the year ending 31st March, 2018, calculate his business income.

Particulars	₹	Particulars	₹
Salary to Proprietor	10,000	Gross Profit	50,000
Staff salary	15,000	Profit on sale of car	15,000
General expenses	7,000	Bad debts recovered	5,000
Interest on capital	2,000	Interest on Govt. Securities	4,000
Bad debts	1,000	Dividends	4,000
Advertisement (Sign board)	2,700	Interest on Post Office Savings Account	4,000
Fire insurance	1,000		
Depreciation	3,000		
Provision for bad debts	1,000		

Particulars	₹	Particulars	₹
Income tax	4,000		
Donation to a school	3,000		
Car expenses	3,000		
Net Profit	29,300		
	<u>82,000</u>		<u>82,000</u>

Additional information :

- (a) Depreciation as per IT rules is ₹ 2,500 only (including sign board depreciation)
- (b) General expenses include Rs. 500 being proprietor's drawings.