

DECEMBER 2018

**ID 6507/WGE**

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Time : Three hours

Maximum : 100 marks

Answer any SIX questions.

1. What wealth belonging to others is included in the net wealth of an individual?
2. What items of wealth exempt from Wealth Tax?
3. Compute the Net Wealth of M/s. Selvam Ltd., from the following details as on 31.3.2016 for the assessment year 2016-2017.

Bank balance Rs. 4,30,000

Unaccounted cash balance Rs. 70,000

Residence for director (monthly salary being Rs. 40,000) Rs. 13,50,000.

Gold articles Rs. 25,00,000

Jewellery made of Silver Rs. 14,00,000

Guest house in Bombay Rs. 35,00,000

Motor Cars Rs. 6,40,000

Factory buildings Rs. 8,00,000.

The company has taken a loan of Rs. 8,00,000 by mortgaging guest house for purchasing factory buildings. The company is engaged in the business of processing and selling of gold and silver articles and ornaments in India and outside India.

4. Define Agricultural Income. Explain the various kinds of Agricultural Income.
5. State the reasons whether the agricultural income is considered for income tax purpose in each of the following cases of an individual for the assessment year 2016-2017 and compute tax liability wherever necessary.

	Net Agricultural Income	Net non-Agricultural Income	Total
1	NIL	1,00,000	1,00,000
2	5,000	3,00,000	3,05,000
3	10,000	98,000	1,08,000
4	80,000	7,40,000	8,20,000

6. Mrs. Aruna, an Indian Citizen resident in India furnishes the following particulars. You are required to compute her taxable gifts.
  - (a) House in Kashmir gifted to husband Rs. 1,00,000.
  - (b) Sold machinery (worth Rs. 50,000) to her son Rs. 30,000.
  - (c) Transferred out of bank balance in America to Harvard University Rs. 50,000.

- (d) Compensation from Central Government for compulsory acquisition of land (valued at Rs. 5,00,000) Rs. 3,00,000.
  - (e) Fixed deposit made in the name of his minor son for his education Rs. 20,000
  - (f) Gifted to husband Rs. 60,000
  - (g) Assigned Life Insurance Policy to her son one year before the date of maturity. Surrender value Rs. 80,000.
7. State and explain the different deemed gifts.
  8. Explain the steps in the assessment of Wealth Tax.
  9. Explain the various kinds agricultural income of Income Tax Act 1961.
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