

S.No. 824

08PCMZ05/08PCZZ04

(For the candidates admitted from 2008–2009 onwards)

M.Com./M.Com. (CA) DEGREE EXAMINATION,  
APRIL/MAY 2018.

Third Semester

Elective : DIRECT TAXES

Time : Three hours

Maximum : 75 marks

PART A — (5 × 5 = 25 marks)

Answer ALL questions.

1. (a) Explain the various Characteristics of Income Tax.

Or

- (b) A person after about 26 years stayed in India returned to England in April 2014 and again returned to India on 15<sup>th</sup> February 2016 to take up a salaried appointment. What is his residential status for the previous year 2015-16?

2. (a) Calculate the taxable amount of annual accretion to R.P.F. if following information is provided by assessee :
- (i) Pay Rs. 7,500 p.m.
  - (ii) Commission received by him on the basis of turnover achieved by him : Rs. 6,000.
  - (iii) Employer's contribution to R.P.F. @ 14% of salary.
  - (iv) Interest credited during the year to R.P.F. Balance @ 12% is Rs. 24,000.

Or

- (b) Compute Gross annual value from the following information :
- Actual Rent Rs : 24,000 p.a.  
 Fair rent Rs : 28,000 p.a.  
 Standard rent Rs : 20,000 p.a.

3. (a) The net profit of business of Mr. Ahamed as disclosed by its P & L account was Rs. 3,25,000 after charging the following :

Municipal taxes on house property let out Rs : 3,000; Bad debt written off Rs : 15,000; Provision for bad and doubtful debts Rs : 16,000; Provision for taxation Rs : 15,000; Depreciation Rs : 25,000; Depreciation allowance as per rule is Rs: 20,000.  
 Compute taxable business profit.

Or

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- (b) Mrs. Rajamani furnishes the following particulars :

Date of Purchase	—	01.02.2015
Date of Sale	—	05.10.2015
Cost of Purchase	—	Rs. 25,000
Expenses on Purchase	—	Rs. 500
Sale Value	—	Rs. 50,000
Expenses on Sales	—	Rs. 1,000

Calculate the capital gain of Mrs. Rajamani.

4. (a) Mr. Mohamed held the following investment :
- (i) Rs. 90,000 10% (tax free) Debentures of a listed company, (Rate of T.D.S. 10%)
  - (ii) Rs. 1,00,000 12% Punjab Govt. Loan.
- Compute his income from interest of securities for the year ending 31.3.16.

Or

- (b) The following are the particulars of income or loss of Mr. LA. You are required to set-off losses and carry forward and set-off where necessary.

Particulars	AY 15-16	AY 16-17
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	—

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5. (a) What are the permissible deductions from gross total income?

Or

- (b) Calculate deduction u/s 80 C from the following :

- (i) Contribution to RPF Rs. 15,000.  
 (ii) Contribution towards NSC-Vii issue Rs. 11,000.  
 (iii) Insurance Premium on own life Rs. 25,000 (Sum assured Rs. 1,50,000)  
 (iv) Contribution towards the life of his wife Rs. 2,500 (Sum assured Rs. 45,000).

PART B — (5 × 10 = 50 marks)

Answer ALL questions.

6. (a) What are the various Canons of taxation?

Or

- (b) X is a foreign citizen. During the financial year 2015-16 he was in India for 101 days. Determine his residential status for the assessment year 2016-17 on the assumption that during the financial years 2001-02 to 2014-15 he was present in India as follows :

Years	Days stayed	Years	Days stayed
2001 - 02	85 days	2008 - 09	16 days
2002 - 03	310 days	2009 - 10	160 days
2003 - 04	106 days	2010 - 11	281 days
2004 - 05	174 days	2011 - 12	305 days
2005 - 06	20 days	2012 - 13	165 days
2006 - 07	280 days	2013 - 14	210 days
2007 - 08	265 days	2014 - 15	220 days

7. (a) P & Q are officers in the SBI. The bank has allotted free of Rent identical flats to both P & Q in Nariman Point Mumbai (Population above 25 lakhs) the fair market rent of each flat being Rs. 6,000 p.m. In April 2015, P was promoted as Chief Officer but he continues to occupy the same flat. The bank has also furnished the above flats. The Original cost of furniture provided in each flat works out to Rs. 45,000. The salary Particulars of P & Q are as follows :

Particulars	P	Q
	Rs.	Rs.
Basic Salary	9,000 p.m.	7,500 p.m.
Dearness Pay (Enters for computing retirement benefits)	1,750 p.m.	1,600 p.m.
DA	1,500 p.m.	1,400 p.m.
Educational Allowances	1,300 p.m.	1,300 p.m.
Children Hostel Allowances	1,800 p.m.	1,500 p.m.
Petrol Allowances	900 p.m.	800 p.m.

Determine the perquisite value of the flat in the hands of P & Q. Two children are studying and staying in Hostel.

Or

- (b) Mr. Akhildas is employed as an engineer in Indian railways. He is getting Rs: 7,000 p.m. as basic pay; Rs: 2,500 p.m. as D.A. and Rs: 2,500 p.m. as dearness pay. During the year 2012-13, he received the following allowances also :

Rs :16,500 as running allowance p.m.

Rs: 200 p.m. per child as educational allowance for his 2 children.

One of his son is staying in a hostel on which Akhildas is spending Rs: 800 p.m.

He is getting Rs: 500 p.m. for his as hostel allowance for meeting their expenditure.

Rs : 250 p.m. as CCA.

Rs : 400 p.m. as uniform allowance, fully spent for employment purposes.

Rs : 1,250 p.m. as HRA. He pays Rs :1,500 p.m. as rent to house owner. He contributes 10% of his basic pay and DA to SPF and the Indian railway contributes a similar amount. Compute his taxable salary for the AY 2013-14.

8. (a) Dr. Arif Khan is medical practitioner in Chennai. From the following calculate his income from profession for the AY 16-17.
- (i) Gross receipts from dispensary Rs. 2,35,000.
  - (ii) Gross receipts from consultancy Rs. 1,65,000.
  - (iii) Operation fees Rs. 2,50,000.
  - (iv) Visiting fees Rs. 50,000.
  - (v) Gift from patients Rs. 30,000.
  - (vi) Medicines purchased Rs. 1,25,000.
  - (vii) Closing stock of medicines 35,000.
  - (viii) Opening stock of medicines 10,000.
  - (ix) Salary to employees 1,50,000.
  - (x) Dr. Arif Khan went to attend a medical seminar in Germany to update knowledge an spent Rs. 65,000 on it.
  - (xi) Medical books purchased Rs. 20,000.

Or



- (b) From the particulars given by Zubier, compute the taxable Capital Gain for the Assessment Year 2016-17 :

Assets	Date of Purchase	Cost Rs.	Date of Sale	Sale Price Rs.	Exp. Rs.
Govt. Securities	1.10.14	10,000	30.6.15	15,000	200
Furniture (W.D.V. on 1.4.2015 Rs. 4,000)	15.2.91	5,000	20.2.16	3,000	—
Land (FMV on 1.4.81 Rs. 20,000)	10.1.72	12,000	6.1.16	2,10,000	1,000
Residential status	1.12.85	40,000	5.5.15	4,00,000	2,000

The assessee has no other residential house on 5-5-2015. He purchased a house for residential purposes on 20.3.2016 for Rs. 3,00,000. C.I.I. for 2015-16 is 1081, 1994-95 is 259, 1990-91 is 182 and for 1985-86 is 133.

9. (a) Compute income from other sources from the particulars given below :
- Interest on deposits with a company — Rs. 10,000.
  - University remuneration on working as examiner — Rs. 6,000.
  - Royalty for writing books — Rs. 60,000. He claims to have spent Rs. 20,000 on writing these books.
  - Dividend declared by BA & Co on 1-3-2016 but paid on 1-5-2016 — Rs. 6,000.

- (v) Interim dividend paid on 1-5-2015 — Rs. 3,000.

- (vi) Stake money on race horses — Rs. 1,50,000.

Horses are maintained by him and expenses on maintenance of these horses are — 2,40,000

- (vii) Family pension received — Rs. 36,000.

Or

- (b) The particulars of AY 15-16 and 16-17 are as under. Compute the Total Income for each assessment year.

Particulars	AY 15-16	AY 16-17
Income from house property (Computed)	(+) 8,000	(+) 8,000
Profit and gains from business or profession :		
A) Manufacturing business :		
Trading profit or loss before Depreciation	(-) 15,000	(+) 36,000
Depreciation	(+) 32,000	23,000
B) Speculative transaction	(+) 6,000	(-) 8,000
Income from Other sources	(+) 5,000	(+) 6,000
Capital Gains :		
Short term loss / Gain	(-) 8,000	50,000
LTCG/L	(+) 9,000	(-) 80,000

10. (a) Explain tax deduction u/s 80 C.

Or

(b) Compute the Gross Total Income from particulars given below :

I. House Property :	
Loss from self occupied house	(-) Rs. 30,000
Income from let out house	(+) Rs. 16,000
II Profit and Gains :	
Business loss	(-) Rs. 1,50,000
Share of loss from firm (B/F from AY 14-15)	(-) Rs. 1,00,000
III Capital Gains	
Short — Term Capital Loss	(-) Rs. 2,40,000
Long — Term Capital Gain	(+) Rs. 4,00,000