

STELLA MARIS COLLEGE (AUTONOMOUS) CHENNAI – 600 086.
(For candidates admitted during the academic year 2015-16 and thereafter)

SUBJECT CODE: 15CM/MC/IT65

B.Com. DEGREE EXAMINATION SEPTEMBER 2020

COMMERCE

SIXTH SEMESTER

COURSE : MAJOR – CORE

PAPER : INCOME TAX LAW AND PRACTICE

TIME : 90 MINUTES

MAX. MARKS: 50

Section-A

Answer all the Questions

(3X2=6)

1. Write a note on Sec 80 D .
2. What is a Statutory Provident Fund?
3. Define Assessee.

Section-B

Answer any Three Questions

(3X8=24)

4. Explain the Provisions relating to the determination of an Individual Residential Status and the scope of their Total Income.
5. From the following particulars of Mr. Edward for the previous year 31st March 2020, compute his total income.

Particulars	Amount (Rs.)
Directors' fees from a company	10,000
Income from undisclosed sources	12,000
Winnings from lotteries(net)	82,200
Royalty on a book written by him	8,000
Honorarium for Public lectures	5,000
Interest on loan given to a relative	7,000
Interest on tax free debentures of a company (listed in recognised stock exchange)	3,560
Interest on Government securities	2,200

6. Mr. Lal is the owner of 3 houses. In respect of these houses he has furnished the following particulars:

Particulars	House A(Rs)	House B (Rs)	HouseC (Rs)
	Let out	Let out	Self Occupied
Date of completion of construction	(31-3-1996)	(1-7-2000)	(1-8-2001)
Municipal Rental value	3,60,000	6,00,000	5,00,000
Actual rent received	3,00,000	7,20,000	Nil

Municipal taxes paid	36,000	30,000 (Due)	50,000
Ground rent	1,000	7,800	5,000
Interest on loan taken for construction	50,000	1,82,000	2,00,000

Compute his income from house property for the current assessment year. Out of the Municipal Taxes of House A Rs.18,000 are paid by tenant.

7. From the following particulars compute the taxable Rent free Accommodation for the current A.Y
- Basic Salary Rs. 98,000 per annum (He is a sales manager at Kanyakumari)
 - Rs. 7,000 per annum as travelling allowance (Fully utilised for official purposes).
 - Rs. 20,000 as bonus
 - Rs. 35,000 as special allowance.
 - His employer provides a Rent free house which is owned by the employer. Fair rent of the house is Rs. 70,000 per annum.
 - Cost of furniture provided is Rs. 6,00,000
 - Rent of A.C paid by employer is Rs. 5,000.

Section-C

Answer any One Question

(1 X20=20)

8. Mr.Sen is employed at Kolkata with the mercantile firm as sales manager from the particulars given below, compute his taxable salary for the current assessment year.
- Basic salary Rs. 25,000 per month
 - Dearness allowance at 20% of basic salary but only 10 % is eligible for service benefits
 - Commission on turnover achieved by him Rs.12,500
 - Mr.Sen's contribution to the recognized provident fund is Rs. 60,000 for the year and his employer also contributes an equal amount.
 - Interest credited to provident fund at the rate of 14% p.a amounted to Rs. 4,200
 - The employer has provided Mr. Sen a Motor car of not more than 1.6 litre capacity which he uses for both private and official purposes. Driver's salary of Rs.1,250 p.m is paid by the employer.
 - During the relevant previous year he purchased books worth Rs.800 for his office work.
 - He has been getting entertainment allowance of Rs.8000 per year from his employer.
 - Professional tax paid by Mr. Sen is Rs.1,500
 - He lives in a Rented house at Delhi and pays Rs. 8,000 p.m as rent. Employer has paid Rs. 5,000 p.m as HRA.
9. Sunil a retail trader of Kochin gives the following trading and profit & loss account for the relevant previous year. Compute his business income for the current assessment year.

Trading and Profit and Loss Account for the year ended 31st March 2020

Particulars	Rs.	Particulars	Rs.
To Opening stock	1,20,000	By Sales	11,50,500
To Purchases	9,34,000	By Income from UTI	11,000
To Gross Profit	2,46,000	By Other Business receipts	8,500
		By Closing stock	1,30,000
Total	13,00,000		13,00,000
To Salary	54,000	By Gross Profit b/d	2,46,000
To Rent, Rates & Taxes	30,000	By Interest on Debtors	60,000
To Interest on Loan	10,000		
To Depreciation	1,20,000		
To Advertisement	21,000		
To Sundry expenses	2,940		
To Loss on sale of Assets (Short-term)	9,000		
To Other expenses	9,060		
To Net profit	50,000		
Total	3,06,000		3,06,000

Additional Information:

- i) Opening stock was under debited by Rs. 12,000. Closing stock was under credited by Rs. 12,000.
- ii) Salary includes Rs. 24,000 paid to his brother, which is unreasonable to the extent of Rs. 600.
- iii) The whole amount of advertisement was paid in cash.
- iv) The depreciation provided in Profit & Loss Account Rs. 1,20,000 was based on the following information. The written down value of plant & machinery is Rs. 3,60,000. New plant having same rate of depreciation i.e., 15% was bought on 11.6.2017 for Rs. 1,38,000. One old plant was sold on 11-1-2018 for Rs.64,000.
- v) Other Business receipts include Rs. 4,200 received as refund of excise duty relating to 2014.
- vi) Other Expenses include Rs.4,000 paid as Donation to a place of worship for all religions. Compute Sunil's income from business.
