

STELLA MARIS COLLEGE (AUTONOMOUS) CHENNAI – 600 086.
(For candidates admitted during the academic year 2011-12)

SUBJECT CODE : 11CM/MC/TX44

B.Com. DEGREE EXAMINATION APRIL 2013
FOURTH SEMESTER

COURSE : MAJOR – CORE
PAPER : TAXATION – I
TIME : 3 HOURS **MAX. MARKS : 100**

Section A

Answer ALL the questions.

(10 x 3 = 30)

1. State the features of income taxable under the IT Act.
2. Define (a) Assessment year (b) previous year.
3. How will you determine the residential status of a company?
4. What are the deductions allowed under section 16?
5. What are the kinds of capital gains?
6. Sanjay left India for the first time on 15-04 2011 and returned on 05-03 2012. Determine his residential status for the previous year 2011-12.
7. Compute the taxable H.R.A of Raj who is working in Mysore. Basic salary: Rs. 3000p.m, H.R.A received Rs. 700p.m, rent paid Rs.400 p.m.
8. Mr. X received children education allowance for three of his children at Rs.90 p.m. per child. Compute the taxable amount of education allowance.
9. Find out G.A.V: Municipal value: Rs.1, 20,000. Fair rent: Rs. 1, 30,000. Standard rent: Rs. 1, 10,000. Actual rent Rs.1, 26,000.
10. Ms. Sonam furnishes the following particulars in respect of shares held in A.Ltd.

Date of purchase	1.2.2011
Date of sale	5-10.2011
Cost of purchase	Rs.25,000
Expenses on purchase	Rs.500
Sales value	Rs.50,000
Expenses on sales	Rs.1000

Compute capital gain.

Section B

Answer Any FIVE questions.

(5 x 8 = 40)

11. Arjun earns the following incomes during the previous year 2011-12.
- | | Rs. |
|-------------------------------------------------------------------------|------------|
| a) Profits from business in U.K received in India | 15,000 |
| b) Profits from business in Chennai | 10,000 |
| c) Interest on Indian government securities | 1,00,000 |
| d) Income from agriculture in U.S.A | 70,000 |
| e) Dividend on shares of foreign co. received in U.K | 30,000 |
| f) Profits of business set up in Japan& controlled from India, | 2,00,000 |
| g) Profits of business established and received in Germany | 4,00,000 |
| h) Past untaxed foreign income brought into India during the P.Y 60,000 | |
- From the above particulars ascertain the income if he is (a) resident (b) not ordinarily resident and (c) non-resident.

12. Mr. A retired on 31-12-2011 and his pension was fixed at Rs. 3600p.m. He got 3/4th of his pension commuted and received Rs.1, 80,000 from his employer. Find out the taxable amount of monthly pension and commuted pension if he (a) gets gratuity (b) he does not get gratuity and (c) he is a government employee.

13. Mr. George is employed in Madurai (population 18 lakhs).He provides the following particulars of his salary income:

	Rs.
Basic salary	12,000p.m.
Profit bonus	12,000
Commission on turnover	42,000
Entertainment allowance	2000p.m
Club facility	6000
Transport allowance	1000p.m.
Gas, electricity bill issued in employee's name, but paid by employer	16,800
Free education facility for children (bill issued in name of employee)	22,500
RFA provided by employer, lease rent paid by employer	6000p.m.

Compute his income under the head salary.

14. Mr. Z let out his house. Compute income from house property:

	Rs.
Fair rental value	36,000
Actual rent received	4000p.m.
Municipal rental value	40,000
Standard rent	38,000
Municipal tax	10%
Actual repair expenses	5000
Interest on loan for reconstruction	12,000
Vacancy period	3months.

15. Calculate income from house property of Ms.Sunitha from the following information:
75% of the house is let out and 25% is self occupied for residence.
MRV-RS.50,000, FRV-Rs.60,000, Standard rent-RS.55,000, Municipal tax-Rs.4000, interest on capital borrowed for construction,Rs.10,000.

16. Mr.S sells his residential house on 5-12-2011 for Rs.18,00,000. (cost of acquisition on 10-2-1992, Rs. 1,00,000). Expenses on purchase and transfer are Rs.1000 and Rs.10,000 respectively. On 25-3-2012, he acquired bonds issued by the Rural electrification Corporation Ltd., for Rs.8,00,000 and also acquired bonds issued by National Highways Authority of India for Rs.7,00,000 On 20-7-2012. Compute taxable capital gains. (CII: 91-92=199, 2011-12=785)

17. Ram sells the following assets during 2011-12. Compute capital gains.

	Jewellery	house property
Sale consideration	3,30,000	4,35,000
Year of acquisition	1992-93	1985-86
Cost of acquisition	2,90,000	18,000
Cost of improvement in 1991-92	----	70,000

The jewellery was held for personal use before sale. (CII: 91-92=199, 92-93=223, 85-86=133, 2011-12=785)

Section C

Answer Any TWO questions.

(2 x 15 = 30)

18. Ms Meena submits the following information for the previous year 2011-12.

	Rs.
Basic salary	1,10,000
D.A (42% is part of salary for retirement benefits)	30,000
Commission on turnover	4000
Fixed commission	500p.m.
Educational allowance for 2 children (one child is studying in U.S.A) 7000 per child	
Employers contribution towards provident fund	30,000
Interest on PF a/c @ 15%	36,000

Find out the net income of Ms.Meena if the provident fund is (a) statutory provident fund. (b) Recognized provident fund. (c) Unrecognized provident fund.

19. Mr.Akil furnishes the following details of his salary income for the PY 2011-12.

- Salary received Rs.71,800, (after deduction of income-tax, Rs.1200, and contribution to RPF Rs.8000)
- Dearness allowance is 40% of salary
- Employers contribution to RPF is Rs.8000
- Interest credited to RPF at 12%-Rs.2400
- He is provided with furnished free quarters for residential purpose in Mumbai by his employer. Cost of furnishing is Rs.45,000. Gardener's salary paid by employer is Rs.3000p.a.
- He is provided with a car of 1.5ltr. with driver (expenses of car including driver are met by employer).
- Premium paid by employer on his own life policy of Rs.95,000 amounted to Rs.10,000.
- Premium paid by him on the life of his wife for a policy value of Rs.2,00,000 amounted to Rs,50,000.
- He paid Rs.21,000 as college tuition fees for his daughter.
Compute his taxable income from salary and qualifying amount for deduction under sec.80C.

20. X owns 3 houses, the particulars of which are as follows:

	House1	House2	House3
	Rs.	Rs.	Rs.
Municipal value	70,000	1,00,000	2,00,000
Fair rental value	82,000	1,30,000	2,20,000
Standard rent	-	1,10,000	2,30,000
Actual rent	-	1,50,000	2,00,000
Repairs	15,000	20,000	10,000
Insurance	5,000	6,000	7,000
Municipal tax	5,000	10,000	15,000
Land revenue	8,000	4,000	6,000

Interest on money borrowed for construction of the 2nd house is Rs.50,000. Date of borrowing loan is 1-10-2009. Compute income from house property.

21. Mr. M sold the following properties during the previous year 2011-12.
- a) Household furniture costing Rs.8000, purchased in 1972, sold for Rs.20,000 in August2011.
 - b) One diamond necklace costing Rs.1,00,000 purchased in April1981, sold for Rs.16,00,000 in May2011.
 - c) One house in Bangalore bought in 1991-92 for Rs.1,50,000 was sold in Jan2012 for Rs.50,00,000. Expenses on sale, Rs,25,000. In 1997-98, he spent Rs.50,000 for constructing the second floor of the house.
 - d) He sold a plot of urban agricultural land at Pondicherry in June2011 for rs.7,50,000 and purchased another plot of agricultural land at Madurai for Rs.60,000 on the date of sale. The land sold was purchased in June 1982 for Rs.30,000.
- Compute his taxable capital gains. (CII: 81-82=100, 82-83=109, 97-98=331, 91-92=199, 2011-12=785)
