

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

SUBJECT CODE : 11CM/MC/TX44

B.Com. DEGREE EXAMINATION APRIL 2014
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 any three deductions under Sec.54.
2. What is tax evasion?
3. Mr. Prem, left India for the first time on 17th December 2012 and returned back to India on 5th Feb. 2013. Identify his residential status for the A.Y. 2013-2014.
4. State the exception to the rule that income of the previous year is taxable in the assessment year.
5. Who is a Non-Resident?
6. Explain short-term capital assets.
7. Mr. X resides in Chennai and gets Rs. 10,000 p.m. as basic salary, Rs. 8,000 p.m. as DA (entering service benefits), Rs. 12,000 p.m. as HRA. He pays Rs. 10,000 p.m. as rent. Calculate taxable HRA.
8. Calculate taxable value of pension of Mr. B a government employee who retired on 30th April 2012 and received Rs. 2,400 p.m. as pension upto 31st October 2012. On 1st November he commuted 70% of his pension for Rs. 1, 80,000. He had a total of 35 years and 8 months service.
9. Find out the gross annual value from the following details pertaining to a house property which is letout for residence.
 - Municipal value Rs. 1, 60,000
 - Fair rent Rs. 1, 61,100
 - Standard rent Rs. 1, 75,000
 - Actual rent received Rs. 1, 90,000
10. Compute the taxable capital gain from particulars given below:
 - (a) Net consideration of a residential house Rs. 15, 00,000(2.06.2012) (CII: 852)
 - (b) Cost of acquisition of this house Rs. 3, 00,000(1.5.87) (CII: 150)
 - (c) New house acquired on 1.9.2012 for Rs. 2, 50,000.

Section B

Answer Any FIVE questions.

(5 x 8 = 40)

11. From the following details, calculate the total income of Ms. Rani if she is
 - (a) ordinary resident, (b) not ordinary resident, (c) non-resident.
 - (i) Dividend from Indian Company Rs. 1, 00,000.
 - (ii) Dividend from foreign Company Rs. 1, 50,000, one half received in India.
 - (iii) Past untaxed income brought into India during this P.Y. Rs. 42,000.
 - (iv) Income from business in Kenya but controlled from India Rs. 2, 00,000.

- (v) Salary received in India for services rendered in Singapore Rs. 1, 15,000.
 (vi) Income from business in Japan Rs. 4, 50,000, 1/3 received in India.
 (vii) Sale of House property in Pakistan Rs. 5, 00,000.

12. Compute salary income from the following.

- (a) Salary @ Rs. 6250 p.m.
 (b) D.A. @ Rs. 3,000 p.m. [50% enters for retirement benefits].
 (c) Commission @ 2% on turnover of Rs. 8, 00,000.
 (d) Bonus Rs. 6,000.
 (e) PF contribution by employer and employee @ 14% of salary.
 (f) Interest credited during the year on PF is 11% being Rs. 5,500.
 (g) Rent free accommodation provided by the employer at Chennai.
 Calculate the salary income if provident fund is recognized provident fund.

13. Arun, an employee of ABC Ltd. received Rs.7, 96,000 as gratuity and Rs. 11, 00,000 as 1/2 of commuted pension. He retires from service on 31.1.13 after 28 years and 9 months service. At the time of retirement, his salary was Rs. 16,300 p.m. Find out taxable gratuity.

14. Mr. Babu owns a house property which is let out for residence. He submits the following details, compute his Taxable income from House property.

- Municipal value = Rs. 1, 40,000
 Fair Rent = Rs. 1, 45,000
 Standard rent under Rent Control Act Rs. 1, 42,000
 Annual Rent if property is let out throughout the P.Y. Rs. 1, 68,000
 Unrealised rent Rs. 14,000
 Loss due to vacancy Rs. 7,000
 Date of completion of construction – September 2011.
 Interest on loan at Rs. 20,000 from 2009 -10.

15. Mr. Allan, a foreign national came to India for the first time on June 15, 2007. During the financial years 2007-08, 2008-09, 2009-10, 2010-11, 2011-12 and 2012-13, he stays in India for 120 days, 115 days, 15 days, 191 days, 124 days and 80 days respectively. Determine his residential status for the A.Y. 2013-14.

16. Compute the capital gain on sale of the following assets for the A.Y. 2013-2014.

Particulars	Date of purchase	Cost of purchase	Exp.on purchase	Date of sale CII - 852	Sale value Rs.	Exp. On sale Rs.
Shares of S Ltd	1996-97 (CII-305)	80,000	2,000	1.2.13	4,00,000	40,000
Jewellery	2003 - 04	60,000	3,000	4.3.13	8,00,000	3,000
Debentures of S Co.	5.6.12	90,000	200	10.1.13	4,00,000	100
House property	1999-2000 (CII -389)	2,00,000	500	28.2.13	15,00,000	2,000

Purchase of a house property on 01.03.2013 for Rs. 12, 00,000.

17. Compute the taxable capital gain in each of the following cases:
- (a) Agricultural land situated in Agra purchased in 1989-90 for Rs. 46,400, sold for Rs. 3,80,000 on 1.5.2012. The assessee purchased another piece of agricultural land on 1.8.2012 for Rs. 70,000 and deposited Rs. 30,000 on 24.6.2013 in capital gain account scheme 1988. Find out the capital gain chargeable to tax for the A.Y. 2013-14. The CII in 1989-90 was 172 and in 2012-2013 it was 852.
- (b) Mr. S. Krishna received a gift of a house in Nov.1997 from Mr. K. Hegde who had purchased it in Nov.1977 for Rs. 6, 30,000. Mr. K. Hegde renovated the house in March 1980 at a cost of Rs. 2, 70,000. Its FMV on 1.4.1981 was Rs. 12, 00,000. In 1979-80 Mr. K. Hegde had agreed to sell the house and had received Rs. 1, 00,000 as advance money. The sale could not materialise and advance money was forfeited. The house was further renovated in 1987-88 (C.I.I. = 150) at a cost of Rs. 1, 00,000. Mr. Krishna sold the house in December 2012 for Rs. 40, 60,000 and paid Rs. 60,000 as brokerage. Compute his taxable capital gain if C.I.I. for 1981-82 was 100, for 1997-98 was 331 and for 2012-13 it is 852.

Section C

Answer Any TWO questions.

(2 x 15 = 30)

18. Mr. X own a residential house at Bangalore from the following information.

Compute the amount of capital gain.

Cost of construction (during 88-89) Rs. 4, 00,000

Cost of additions and improvements (during 97-98) Rs. 2, 00,000

Sale consideration (Sale made on 10.10.12) Rs. 95, 00,000

Expenses on transfer Rs. 20,000

Cost of new house purchased in Hyderabad on 15.1.13 (House is Half finished) Rs. 5, 00,000

Amount deposited in capital gain deposit scheme in SBI on 25.7.2013 Rs. 4, 00,000

A sum of Rs. 3, 00,000 withdrawn from capital gain deposit scheme on 12th May 2015 and utilized for the completion of house. CII for 1988-89 = 161; 1997-98 is 331 & 2012-2013 is 852.

19. The following are the details of Income of Mr. R.

(a) Share of income from a joint venture in India Rs. 10,000

(b) Dividend Rs. 1,000

(c) Income from agricultural land in Sri Lanka Rs. 20,000 received in India.

(d) Salary received in India Rs. 9,800(completed) but services were rendered in Iran.

(e) Income from business (controlled from India) in Sri Lanka Rs. 10,000 and remitted to India.

(f) Income earned and received in Sri Lanka from bank deposit Rs. 5,000

(g) Income accrued in India but received in Iran Rs, 10,000.

(h) Interest on German Development bonds (1/3 received in India) – Rs. 51,000.

(i) Income from property in Canada received in U.S.A. – Rs. 15,000.

- (j) Royalty received in Singapore from Mr. David a resident in India, for technical services provided for a business carried on in Singapore – Rs. 25,000.
 (k) Profit on sale of a building in India, but received in Nepal – Rs. 2, 50,000.
 (l) Profit from business in China, this business in controlled from Delhi – Rs. 30,000.
 (m) Interest received from Mr. Dayal, a non-resident, on the loan provided to him for a business in India – Rs. 28,000.

Compute Mr. R's income if he is (i) resident, (ii) not ordinary resident, (iii) non-resident.

20. From the following particulars find out the taxable salary of Mr. Ramesh working at Trichy (population more than 4 lakhs).

- (a) Salary Rs. 12,000 p.m.
 (b) DA Rs. 1,500 p.m.
 (c) House Rent allowance received Rs. 5,000 p.m., house rent paid Rs. 6,000 p.m.
 (d) Employer's contribution to RPF 14% of salary.
 (e) Interest on PF balance @ 13% p.a. Rs. 3,900.
 (f) Professional tax paid Rs. 2,000.
 (g) Medical allowance received Rs. 500 p.m.
 (h) Arrears of salary Rs. 13,200.
 (i) Education allowance for his 3 children studying in Chennai Rs. 350 p.m. per child and hostel expenditure allowance Rs. 600 p.m. per child.
 (j) A motor car of 1.6 lt. capacity is provided for personal and official use. The expenses of maintenance is met by the employer.
 (k) He is provided with the watchmen and a domestic servant, the salary paid by the employer are Rs. 2,000 p.m. and Rs. 3,500 p.m. respectively.
 (l) His spouse was admitted in a private hospital for a surgery and the medical expenses of Rs. 40,000 is met by the employer.

21. Mr. F. has occupied two houses for his residential purpose, particulars of which are as follows:

Particulars	House I	House II
Standard rent	20,000	----
Municipal valuation	30,000	30,000
Fair Rent	18,000	35,000
Municipal taxes paid	2,400	3,600
Repairs	-----	200
Insurance premium	1,300	600
Ground rent	7,000	400

F borrows Rs. 30,000 @ 20% interest p.a. for construction of house II (date of borrowing: June 1, 2005, date of repayment of loan 10.5.13, construction of both houses is completed in May 2010)

Compute the taxable income under the head house property.
