

**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 2015**  
**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. What is gross total income?
2. How will you determine the residential status of a Hindu Undivided Family?
3. List out any three tax free perquisites.
4. What is meant by “house deemed to be let out”?
5. What are the exempted capital assets?
6. Mr. Z comes to India for the first time on 1.8.2013 and stayed upto 25.10.2013 in Chennai and thereafter in Mumbai. Determine his residential status for the PY2013-14.
7. Mr. A retires from service on 31.5.2013. He receives Rs.12, 000 p.m. as pension. Compute his taxable pension.
8. Mr. S, a government employee receives basic salary, Rs.8000 p.m. and entertainment allowance, Rs.800p.m during the PY2013-14. Compute the taxable amount of entertainment allowance.
9. Compute GAV: FRV- Rs.8700. MRV - Rs.8600. Standard rent - Rs.8400. Annual rent - Rs.8200. Loss due to vacancy - Rs.600.
10. Mr. R purchased machinery in 1989 at a cost of Rs.5, 00,000 and incurred installation expenses, Rs.2000. The WDV of the machine on 1-4-2013 is Rs.2, 50,000. The machine is sold on 30.10.2013 for Rs.4, 00,000. Compute the capital gain. (CII: 1989-90=172, 2013-14=939).

**Section B**

**Answer Any FIVE questions.**

**(5 x 8 = 40)**

11. From the following particulars of income of Ms. Vinitha, compute her gross total income if she is a 1) a resident, 2) Not ordinarily a resident and 3) a non-resident.
  - a) Salary received in Mumbai for services in Malaysia, Rs.26, 000.
  - b) Business income from Japan, Rs.52, 000. (business is controlled from India)
  - c) Agriculture income from India Rs.40, 000.
  - d) Interim dividend from an Indian company, Rs.5, 000.
  - e) Income from house property in Chennai, Rs.15, 000.
  - f) Business profits earned and remitted in a bank account in USA, and sent to India, Rs.1, 00,000.
  - g) Interest from savings bank account in SBI, Rs.6, 000.
  - h) Royalty received from Indian Government, Rs.8000.

12. Mr. R retired on Jan, 29, 2014 after rendering service of 29 years and 9 months and received Rs.2, 00,000 as gratuity. His monthly salary at the time of retirement was Rs.5200. Compute his taxable gratuity if he is a) a government employee. b) He is working in a company covered under the Payment of Gratuity Act. c) He is working in a private office.

13. The following particulars relate to the income of an employee working in Bangalore for the PY2013-14.

|  | Rs.        |
|--|------------|
| Salary   | 8,000 p.m. |
| DA   | 3,000 p.m. |
| City compensatory allowance                      | 1,000 p.m. |
| Salary received in advance                       | 24,000     |
| Bonus  | 6,000      |
| Education allowance for each of his 2 children   | 300 p.m.   |
| Arrears of salary received                       | 8,000      |
| Conveyance allowance (used for official purpose) | 300 p.m.   |
| House rent allowance (rent paid, Rs.2,000 p.m)   | 2,500 p.m. |
| Compute the salary income.                       |            |

14. Mr. B owns a house property which is let out for residence.

|                                     | Rs.       |
|-------------------------------------|-----------|
| Municipal value                     | 1, 40,000 |
| Fair rent                           | 1, 45,000 |
| Standard rent                       | 1, 42,000 |
| Annual rental value                 | 1, 68,000 |
| Unrealized rent                     | 14,000    |
| Loss due to vacancy                 | 7,000     |
| Municipal tax paid by B             | 14,000    |
| Municipal tax paid by tenant        | 2,400     |
| Repairs                             | 10,000    |
| Compute income from house property. |           |

15. Mr. M owns a house property. Capital borrowed for construction of the house property on 1-10-2011 is Rs.16, 00,000 at 10%p.a. interest. The construction is completed by 1-5-2013. The NAV of the house is Rs.4, 00,000. What are the deductions allowed from NAV, if the house is a) self occupied b) let out.

16. S sells his residential house in Delhi on 24<sup>th</sup> Aug, 2013 for Rs.45, 20,000 and incurs an expenditure of Rs.20, 000 in connection with transfer. Cost of acquisition of the house by him in 1975 was Rs.18, 000. S constructed another room at a cost of Rs.1, 20,000 in Nov.1991. On 10<sup>th</sup> Jan2014, he invested Rs, 5, 00,000 in the bonds of Rural Electrification Corporation of India. On 16<sup>th</sup> Jan2014, he purchased a residential flat for Rs.4, 50,000 and deposits Rs.1, 50,000 in the Capital Gains Deposit Scheme. FMV of house on 1-4-1981 is Rs.50, 000. (CII: 1981-82=100, 1991-92=199, 2013-14=939) Compute taxable capital gains.

17. Mr. A purchased 300 equity shares of Rs.100 each in 1985-86. He was allotted bonus shares in the ratio of 1:1 in 1995-96 and again in the ratio of 1:2 (one share for every two shares held) in 1998-99. The current price of shares is Rs.200. Find out the taxable gain if he a) sells the original holding of 300 shares. b) he sells bonus shares received in 1995-96. c) He sells all the shares. CII: 1985-86=133. 1995-96=281. 1998-99=351. 2013-14=939.

### Section C

Answer Any TWO questions.

(2 x 15 = 30)

18. From the following particulars of Mr. K, who is working in a private company in Delhi, (population above 25 lakhs), compute his total income and deduction allowed under sec.80C.

|   | Rs.       |
|---|-----------|
| Salary  | 3000 p.m. |
| Entertainment allowance   | 25,000    |
| Dearness allowance  | 18,000    |
| Employer's contribution to RPF  | 4,000     |
| Employee's contribution to RPF  | 4,000     |
| Education expenses of son met by employer   | 1,000     |
| Rent free and furnished house provided and owned by the employer, rental value of house being   | 6,000     |
| Medical expenses during office hours  | 600       |
| Club bills of K paid by the employer  | 400       |
| Insurance premium paid  | 1,000     |
| Bonus   | 26,000    |
| Car of 1.8ltr.is provided for official and personal use. Driver's wages, Rs.6, 000. Expenses on running and maintenance are paid by employer. |           |
| Gas, water and electricity bills paid by employer   | 3,000     |
| Gardener's salary paid by employer  | 4,000     |
| Tuition fees paid by K for his children   | 16,000    |

19. From the following information, calculate income from House property of Mr. M:

|                     |                   |
|---------------------|-------------------|
| Municipal valuation | Rs.1, 25,000 p.a. |
| Actual rent         | Rs.1, 30,000 p.a. |
| Fair rent           | Rs.1, 15,000 p.a. |
| Municipal tax       | Rs.4, 000         |

The owner bears the following expenses: a) lift maintenance, Rs.7, 500. b) Gardener's salary, Rs.2, 500. c) Water pump expenses, Rs.4, 000. The owner pays 25% of the municipal taxes. Interest on loan taken for construction of house on 1.10.98 is Rs.50, 000. Unrealised rent allowed in the previous year 2011-12 and recovered in the PY2013-14 is Rs.1, 500.

20. Mr. X owns two houses and both are used by him for his self residence. Compute the income from house property for the PY2013-14.

| Particulars                            | House1 | House2 |
|--|--------|--------|
| Fair rent                              | 72,000 | 68,000 |
| Municipal valuation                    | 84,000 | 52,000 |
| Standard rent                          | 90,000 | 60,000 |
| Municipal tax levied                   | 20,000 | 14,000 |
| Municipal tax paid                     | 10,000 | 7,000  |
| Repairs                                | 14,000 | 12,000 |
| Insurance premium                      | 3,000  | 2,000  |
| Interest on loan(borrowed in Aug,1999) | 62,000 | 18,000 |

21. From the following details, compute the capital gains with regard to the properties sold by Mr. D.

1. Acquired a plot of land on 30-6-86 for Rs3, 20,000 and spent Rs.1, 40,000 on its registration. The plot was sold for Rs.45, 00,000 on 30-08-2013. He purchased another house for Rs.15, 00,000 on 1-12-2013. He paid Rs.5, 000 as ground rent for the plot held by him.
2. Furniture purchased on 1-10- 2012 for Rs.6, 000 is sold for Rs.4500 on 1-2-2014.
3. He sold his car held for personal purpose on 1-8- 2013 for Rs.2, 00,000. The car was purchased in Dec. 2011 for Rs.3, 50,000.
4. Shares of S.Ltd purchased on 1-3-2013 for Rs.80, 000, sold for Rs.4, 00,000 on 1-2-2014. The expenses on purchase and sale are Rs.2, 000 and Rs.4, 000 respectively.  
CII:1986-87=140,2012-13=852, 2013-14=939.

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