

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 2016
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. Define the terms Assessment year and Previous year.
2. Who is a Person? Define.
3. What do you mean by the term ‘Salaries’?
4. What is Gross Total Income?
5. What is capital gain?
6. Steve Jack, the New Zealand cricketer comes to India for 100 days every year. Find out his residential status for the assessment year 2015-16.
7. Mrs. Renu retires from private service on 30th April, 2014 and her pension has been fixed at ₹1,500 p.m. She gets ½ of her pension commuted and gets ₹ 80,000. She also received ₹ 75,000 as gratuity and gets the pension commuted during January 2015. Find out the taxable portion of commuted pension.
8. Calculate the Income earned by Mr. X from the following if he is:
 - a) Resident
 - b) NOR
 - c) NR
 - a) Profit from Business in Dubai controlled from India - Rs. 50,000
 - b) Dividend from an Indian company received in Pakistan - Rs. 20,000
 - c) Pension from Government of India received in America - Rs. 20,000.
9. Cost of building purchased in 1976-77 for ₹ 2, 00,000 but F.M.V on 1-4-81 is ₹ 4,00,000. Find out the inflated cost for the assessment year 2015-16. [Note CII for 2014-15 = 1024].
10. Ms. Sanchana is now working in a private company at Chennai and gets a monthly salary of ₹ 9,000. She is provided with a rent free unfurnished accommodation for which she pays a monthly rent of ₹ 300. Calculate the taxable perquisite.

Section B

Answer Any FIVE questions.

(5 x 8 = 40)

11. Mr. Ravinder is in receipt of annual salary of ₹ 2, 00,000. He is provided with a furnished accommodation at Gurgaon (population is 11 lakhs) for which his employer pays a rent of ₹ 4,000 p.m and deducts ₹ 1,000 p.m from employee’s salary. The cost of furnishing of the residence amounts to ₹ 30,000. Calculate the value of perquisite if the house is occupied for 9 months only.

12. Following particulars are furnished by Mr. X, a citizen and resident in India:
Basic salary after deduction of contribution to RPF ₹ 2, 40,000; Own contribution to RPF ₹20,000; Interest credited to RPF @ 9.5% ₹ 3,600; HRA (house is at Kolar and rent paid amount to ₹ 30,000) ₹ 14,400; Unit-linked Insurance Plan (ULIP) contribution paid by employer ₹ 2,000. Compute taxable income from salary of Mr. X for the A.Y.2015-16.
13. Mr. Abhinand constructed one house in 2013. Half of the portion is let out and the remaining half is used for his residence. The following particulars are available: MRV ₹ 12,500; Rent received ₹10,000 ; Municipal taxes ₹2,500 ; Ground rent ₹250 ; Repairs ₹2,000; Interest on loan taken for construction ₹2,500. Compute income from house property of Mr. Abhinand for the AY 2015-16.
14. For the assessment year 2015-16, from the information given below, find out Mr. X's income chargeable to tax, if he is a Resident, Not Ordinarily Resident and Non-Resident.
(a) Royalty received by him outside India from the Government of India- ₹ 8, 17,000;
(b) Technical fees received from A Ltd. (an Indian company) in German for advise given by him in respect of a project situated in Iran- ₹ 1, 17,000;
(c) Income from a business situated in Sri-Lanka and goods are sold in Sri Lanka, sale consideration is received in Srilanka but business is controlled partly in SriLanka and partly in India- ₹ 2,17,000;
(d) Income from a business connection in India (it is received outside India)- ₹ 3,17,000.
15. From the following particulars calculate the salary income of Mr. Reshin for the assessment year 2015-16: - Basic pay ₹5500 p.m, HRA ₹2400 p.m, DA ₹5,000 p.m, Entertainment Allowance ₹1,200 p.m, CCA ₹600 p.m, Education allowance for 2 children (total) ₹800 p.m. Reshin and his employer (a private company) contribute to RPF @ 14% of salary. He lives in a rented house at Alleppy on a monthly rent of ₹3000.
16. X purchased a house property for ₹ 76,000 on June 30, 1967. The following expenses are incurred by him for making alteration to the house property.
- | | |
|--|--------------|
| a) Cost of construction of first floor in 1975-76 | : ₹1,10,000 |
| b) Cost of construction of the second floor in 1983-84 | : ₹ 3,40,000 |
| c) Alteration/ reconstruction of the property in 1992-93 | : ₹ 2,90,000 |
- Fair market value of the property on April 1, 1981 is ₹4, 50,000. The house property is sold by X on June 15, 2014 for ₹ 99, 50,000 (expenses incurred on transfer: ₹10,000)
CII – 1983-84-116, 1992-93-223, 2014-15-1024.
17. X owns a house property (municipal valuation: ₹1, 45,000, fair rent: ₹1, 36,000, standard rent: ₹ 1, 24,000). It is let out throughout the previous year (rent being ₹8,000 per month up to November 15, 2014 and 14,000 per month thereafter). X transfers the property to Y on January 31, 2015. Find out the gross annual value of the property in the hands of X for the assessment year 2015-16.

Section C**Answer Any TWO questions.****(2 x 15 = 30)**

18. X owns a property at Delhi (municipal value: ₹1, 64,000, fair rent: ₹2, 16,000, standard rent: ₹1, 80,000). The house is let out up to January 31, 2015 (monthly rent being ₹14,000). From February 1, 2015, the property is self occupied for own residential purposes. Expenses incurred by X are: municipal tax: ₹6,000 (actually paid), repairs: ₹2,100, insurance : ₹1,100, interest on capital borrowed (date of borrowing being June 10,1991) for acquiring the property: ₹1,23,000. Assuming that the income of X from other sources is ₹1, 86,000, find out the net income of X for the assessment year 2015-16.
19. Mr. X owns 2 acres of agricultural land in an urban area of Ludhinna which he sold on 30th November 2014 @ ₹ 50 lacs per acre. Other particulars are:
- Cost of 2 acres of land purchased in 1977 ₹ 6 lacs.
 - F.M.V. as on 1-4-1981 ₹ 7 lacs.
 - Selling expenses ₹ 1 lac.
 - He owns one residential house on 30.11.2014.
 - Date of filing of return of income is 31st July, 2015.
 - Mr. X purchased 10 acres of agricultural land in a rural area for ₹ 10 lacs on 10th June, 2015.
 - Mr. X purchased a piece of plot to construct a residential building for ₹ 6 lacs at Ludhiana.
 - He deposits ₹ 15 lacs in a Schedule bank in a Capital gain deposit Account Scheme on 30th, July 2015.
 - Amount invested in Bonds of National Highway Authority of India ₹ 5 lacs on 31st March 2015.
- Assume that he actually withdraws ₹ 12 lacs from the deposit account to complete his residential house.
20. X furnishes the following particulars of his income earned during the previous year relevant to the assessment year 2015-16:

Find out the gross total income of X, if he is

- resident and ordinarily resident in India,
- resident but not ordinarily resident in India,
- Non resident for the assessment year 2015-16.

S.No.	Particulars	Amount ₹
a.	Interest on German Development Bonds (two-fifths is received in India)	60,000
b.	Income from agriculture in Bangladesh, received there but later on ₹50,000 is remitted to India (agricultural activity is controlled from Bangladesh)	181,000
c.	Income from property in Canada received outside India (76,000 is used in Canada for meeting educational expenses of X's daughter in USA and Rs 10,000 is later on remitted to India.	86,000
d.	Dividend paid by a foreign company but received in India in 2014-15	46,500
e.	Past untaxed profit of 2005-06 brought to India in 2014-15	10,43,000
f.	Profit of sale of a building in India but received in Sri Lanka	14,80,000
g.	Gift in foreign currency from a friend received in India on January 20, 2015	80,000
h.	Pension from a former employer in India , received in Rangoon	36,000
i.	Profits from a business in Chennai and managed from outside India	27,000
j.	Income earned from business in Kampala (uganda) in which is controlled from Delhi (Rs.15,000 is received in India)	65,000
k.	Capital gains on sale of property in Pakistan (1/5 received in India)	5,00,000
l.	Royalty received in Singapore for technical services provided in Singapore (1/3 received in India)	6,00,000
m.	Dividend received from an Indian Company	50,000
n.	Interest on Government of India Securities received in Pakistan	1,00,000

21. Mrs. X (48 years) is a deputy manager in a Mumbai based company. She gets ₹54,000 per month as salary. Besides, she gets child education allowance of ₹450 per month (for daughter) and ₹80 per month (for son). Cost of education is approximately ₹180,000 for the two children (out of which ₹1, 36,000 is tuition fees paid by Mrs. X). She also gets hostel expenditure allowance for her daughter at the rate of ₹300 per month (but the daughter is a post graduate student in Mumbai college and does not stay in a hostel).

The employer-company provides 1800 cc for official and private purpose and incurs the entire expenditure on running and maintenance of the car. Personal use of the car as per the log book is approximately 65 percent. With effect from November 1, 2014, she gets driver to whom the company pays ₹6,000 per month. The employer has provided an unfurnished flat at Andheri (East). It is owned by the company however company pays ₹900 per month as maintenance charges to the society. The company maintains unrecognized provident fund and contributes 18 percent of salary towards it for each employee. Mrs. X however contributes ₹8000 per month. Her income from other sources is ₹3, 08,000. Find out the net income and tax liability of Mrs. X for the assessment year 2015-16.
