



ஸ்ரீ-ல-ஸ்ரீ காசிவாசி சுவாமிநாத சுவாமிகள் கலைக் கல்லூரி
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S.K.S.S ARTS COLLEGE, THIRUPPANANDAL - 612504



QUESTION BANK

Title of the Paper

INCOME TAX THEORY LAW AND PRACTICE

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Prepared by

Mr. S. MADHAVAN, M.Com., M.Phil.,

Associate Professor

Department of Commerce

CORE COURSE - XIV

INCOME TAX THEORY LAW & PRACTICE

UNIT – I

Basic concepts – Definition - previous year –assessment year – person, assessee, income, total income, casual income, capital and revenue - residential status and incidence of tax, incomes exempt under section 10.

UNIT – II

Salary – Basis of charge – different forms of salary, allowances, perquisites and their valuation – deduction from salary –Computation of taxable salary.

UNIT- III

House property – basis of charge – determination of annual value - GAV, NAV – income from let-out property – self occupied property – deductions-Computation of taxable income.

UNIT- IV

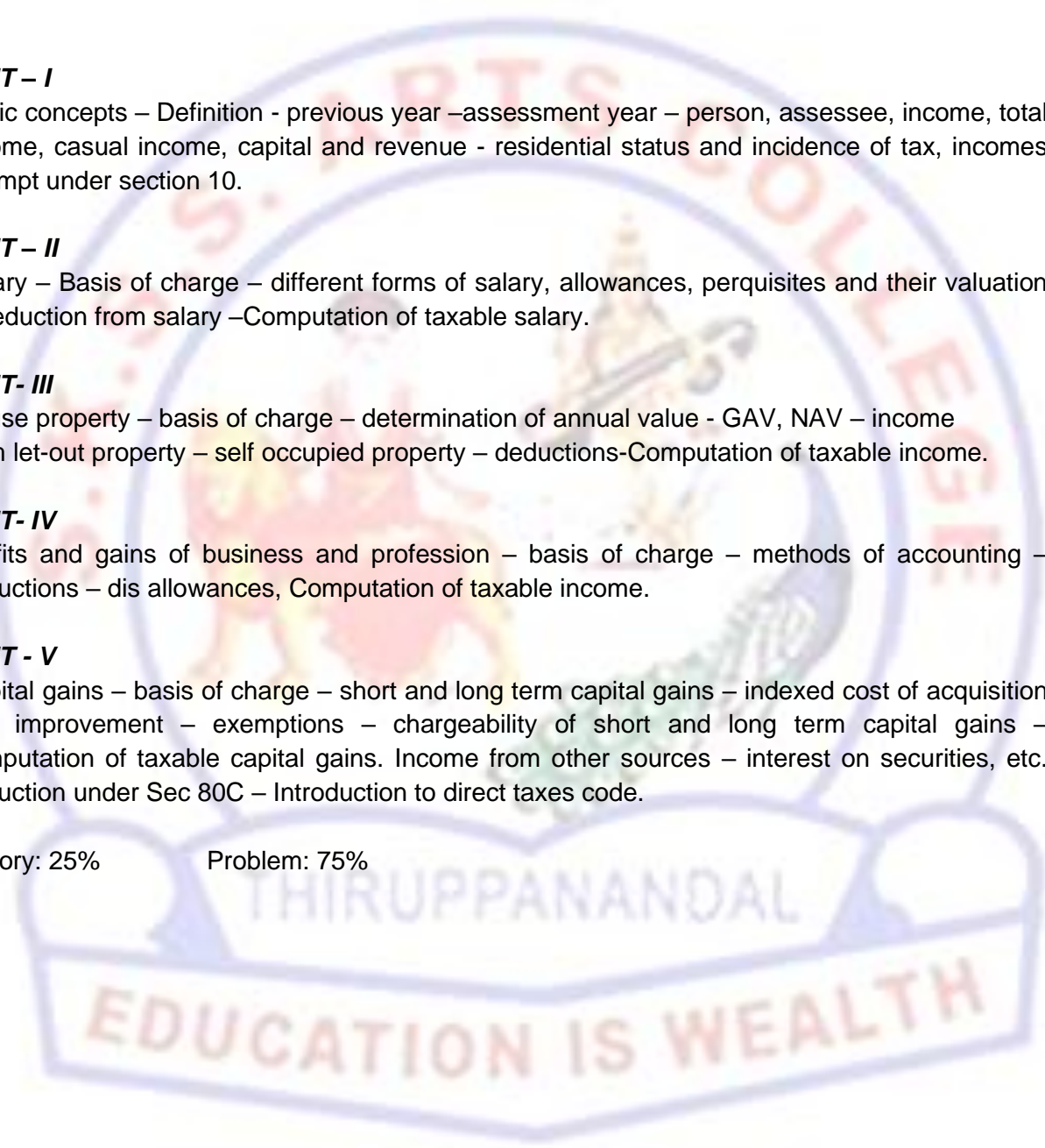
Profits and gains of business and profession – basis of charge – methods of accounting – deductions – dis allowances, Computation of taxable income.

UNIT - V

Capital gains – basis of charge – short and long term capital gains – indexed cost of acquisition and improvement – exemptions – chargeability of short and long term capital gains – computation of taxable capital gains. Income from other sources – interest on securities, etc. deduction under Sec 80C – Introduction to direct taxes code.

Theory: 25%

Problem: 75%



UNIT – I

CHOOSE THE CORRECT ANSWER

1. The basic objective of Taxation is
 - (a) To procure resources
 - (b) To provide incentives to save
 - (c) To check inflation
 - (d) To achieve reduction in consumption goods
2. The number of major heads of income under Indian Income Tax Act 1961 are
 - (a) 2
 - (b) 6
 - (c) 5
 - (d) 4
3. Embezzlement of cash by cashier is
 - (a) A revenue loss
 - (b) A casual loss
 - (c) A capital loss
 - (d) None of these
4. As per the first basic condition to determine residential status, a person should have been in India during the previous year concerned for
 - (a) 60 days or more
 - (b) 120 days or more
 - (c) 182 days or more
 - (d) 240 days or more
5. A person is Non-resident if he fails to fulfill
 - (a) The addition conditions
 - (b) At least one of the basic conditions
 - (c) Both basic conditions
 - (d) None of these
6. Incomes on which income tax is not charged are called
 - (a) Exceptional incomes
 - (b) Omitted incomes
 - (c) Privileged incomes
 - (d) Exempted incomes
7. Allowances of MP/M.L.A are:-
 - (a) Fully exempted
 - (b) Fully taxable
 - (c) Partly exempted
 - (d) None of these

8. Casual income is
(a) Fully taxable
(b) Partly taxable
(c) Fully exempted
(d) None of these
9. Share of income from firm is
(a) Taxable in the hands of partner
(b) Exempted in the hands of partners
(c) Exempted in the hands of firm
(d) None of these
10. Assessment year relevant to previous year 2019 – 2020 is
(a) 2017-2018
(b) 2020- 2021
(c) 2019- 2020
(d) None of these

Answers: 1 (a) 2 (c) 3 (a) 4 (c) 5 (b) 6 (d) 7 (a) 8 (a) 9 (b) 10 (b)

SHORT QUESTIONS (2 MARKS)

11. State the objectives of taxation.
12. Define the term 'Assessee'.
13. What is an assessment year?
14. What is a previous year?
15. What is capital expenditure?
16. What is residential status?
17. Describe the Tax free incomes.
18. Write short notes on 'Tax free securities'.
19. What do you mean by 'casual Income'?
20. Who is non-resident?

PARAGRAPH QUESTIONS (5 MARKS)

21. Define the term 'Income' under the Income Tax Act 1961.
22. Who is a 'person' as per the Income Tax Act 1961?
23. Distinguish between capital receipts and revenue receipts.
24. Give any five examples of capital receipts and capital expenses.
25. How would you determine the residential status of a person?
26. Mr. Rajan left for Singapore on 15-03-2016 after staying in India for 15 years. He returned to India on 31- 8-2018. What will be his residential status for the assessment year 2019-2020?
27. What are tax free Incomes? Give examples of any five tax free Incomes.
28. Explain any five incomes exempted from Income tax U/S 10.
29. What are the various heads of Income under Income Tax Act?
30. How would you determine the residential status of a firm and a company?

ESSAY TYPE QUESTIONS (10 MARKS)

31. Explain the Tax system prevalent in India.
32. State the procedure followed in computing the total income of an assessee.
33. Shri. Kamal an Indian citizen leaves India as crew member of an India ship on 11-8-2018. He has not returned to India during the previous year 2018-2019. His stay in India during the 4 years preceding 2018-2019 is as follows
- | | | |
|--------------|---|---|
| 2017 - 2018: | He was out of India from 1-8-2017 to 01-10-2017 | |
| 2016 - 2017: | He was out of India from 1-4-2016 to 20-09-2016 | |
| 2015 - 2016: | He was out of India from 1-4-2015 to 30-08-2015 | |
| 2014 - 2015: | He was out of India from 1-4-2014 to 30-06-2014 | |
| : | 2013 - 2014: | He was out of India from 1-4-2013 to 30-07-2013 |
- Determine his residential status for the previous year 2018-2019.
34. The following are the income of Mr. Vivek for the Previous year 2018-19.
- | | |
|---|--------|
| | Rs |
| (a) Profit on sale of machinery in Karnataka but received in Australia. | 60,000 |
| (b) Income from house property in Canada | 40,000 |
| (c) Past in taxed income brought to India during the PY 2018-19 | 12,000 |
- Compute total income of Mr. Vivek for the A/Y 2019-20, if he is resident, non-resident and not ordinarily resident.
35. Explain the basic conditions to determine the residential status of an assessee.
36. Classify assessee on the basis of their residence and indicate their tax liability.
37. Explain the concept of Income and give its features.
38. Explain 'Capital Losses' and 'Revenue Losses' with suitable example.
39. Explain the term 'Assessee' state the different classes of Assessee.
40. Discuss the provisions relating to "Tax- Holiday".



UNIT – II

CHOOSE THE CORRECT ANSWER

1. The salary of M.P is taxable under the head
 - (a) Salary
 - (b) Income from other sources
 - (c) Income from business
 - (d) All of the above
2. The death-cum retirement gratuity received by the government employee is
 - (a) Partially exempted
 - (b) Fully exempted
 - (c) Half taxable
 - (d) None of the above
3. In accordance with the provisions of section-17(1) of income tax act 1961, the term salary includes
 - (a) Any annuity or pension
 - (b) Any gratuity
 - (c) Any fees, commission, perquisite or probits in lieu of or in addition to any salary or wages
 - (d) All of the above
4. The children education allowance, the amount exempted from taxable income is limited to
 - (a) Rs.100 per month per child up to 3 children
 - (b) Rs.1000 per year per child up to 2 children
 - (c) Rs.100 per year per child up to 2 children
 - (d) None of the above
5. Pension is
 - (a) Fully taxable
 - (b) Partially taxable
 - (c) Not taxable
 - (d) None of the above
6. The assessee can claim relief for arrears or salary under section
 - (a) 89(1)
 - (b) 89(2)
 - (c) 89(3)
 - (d) 89(4)
7. Which of the following is not taxable under the head salary?
 - (a) Remuneration paid to the lecturer of a college for setting a question paper
 - (b) Salary received by a member of parliament
 - (c) Commission received by an employee director of a company
 - (d) Both (a) and (b)

8. The entertainment allowance is applicable to
 - (a) Private sector employees
 - (b) Public sector employees
 - (c) Government employees
 - (d) All of the above

9. Dearness allowance is taxable in the hands of
 - (a) Govt. employees
 - (b) Non-Govt. employees
 - (c) All employees
 - (d) None of these

10. Commuted value of pension is fully exempted in case of
 - (a) An employee of private sector
 - (b) An employee of a public sector undertaking
 - (c) A Govt. employee
 - (d) None of these

Answers: 1 (b) 2 (b) 3 (d) 4 (c) 5 (a) 6 (a) 7 (d) 8 (c) 9 (c) 10 (c)

SHORT QUESTIONS (2 MARKS)

11. Define 'Salaries' under the Income Tax Act.
12. What are allowances? Give five example.
13. Give example for fully exempted allowances
14. Write short note on 'perquisites'.
15. How do you exempt House Rent Allowance?
16. Define pension.
17. Write a note on 'Standard Deduction'.
18. Who is a specified person under Income Tax Act 1961?
19. What are the various types of provident fund?
20. Give example for perquisites taxable for specified employees.

PARAGRAPH QUESTIONS (5 MARKS)

21. Compute taxable HRA of Mr.Raghu who is working in Trichy. Basic salary Rs.3,000 p.m.
HRA Rs.700 p.m. (rent paid Rs.400 p.m.)

22. From the details given below, compute net salary for the assessment year 2019-20

	Rs.
(i) Salary	3,500 p.m.
(ii) DA	1,000 p.m.
(iii) CCA	200 p.m.
(iv) HRA	1,000 p.m.
(Rent paid in Delhi Rs.1,500 p.m.)	
(v) Commission on sales received	6,000 p.m.

23. Find out the amount of taxable annual contribution to recognized provident fund for Mr. Vasan from the particulars given below:
Salary Rs. 5,000 p.m.
DA Rs. 1,000 p.m.
10% commission on turnover (Turnover achieved Rs. 60,000)
Fixed commission Rs. 300 per month
He and his employer contribute Rs.2,000 p.m. each to RPF. Interest credited to PF at 10% is Rs. 20,000.
24. Mr. Mohan is a government employee in Chennai. He is living in a furnished house provided by the government free of rent. His salary is Rs. 15,000 per month. The license fee fixed by the government for the unfurnished house is Rs. 1,000 per month. Its fair rental value is Rs. 7,500 per month. He is provided furniture (original cost of furniture is Rs. 20,000). Compute the rental value for rent-free furnished house.
25. Mr. Arumugam is working in a public company in Coimbatore he gets a salary at the rate of Rs. 10,000 p.m. dearness allowance Rs. 500 p.m. (50% of salary in terms of employment so provides) and city compensatory allowance Rs. 300 p.m. He has been provided a rent free house by the company, fair rental value of which is Rs. 1,200 p.m. Compute the taxable value of perquisite.
26. Calculate value of car facility from the following.
(a) Car below 1.6 litres expenses met by employer and used partly for official and partly for personal purposes. The expenses incurred by company is Rs. 2,400
(b) Car 1.6 litres use for official work and also use by employee from his residence to office and back.
27. 'R' an employee of ABC Ltd., receives Rs. 2,05,000 as gratuity under the payment of gratuity Act, 1972. He retires on September 10, 2018 after rendering service for 35 years and 7 months. The last drawn salary was Rs. 2,700 per month. Calculate the amount of gratuity chargeable to tax.
28. Calculate taxable value of pension of Mr. B a government employee who retired on 30th April 17 and received Rs. 2,400 p.m. as pension upto 31.10.2018. on 1.11.2018 he commuted 70% of his pension for Rs. 1,80,000. He had a total of 35 years and 8 months service.
29. Mr. vijayan was working in V.Co. Ltd. He retired from his employment after rendering service of 23 years and 8 months. At the time of his retirement, he received Rs. 4,00,000 as leave salary. His salary at the time of retirement was Rs. 14,000 per month. He was entitled to take 40 days of leave for every year but he availed only 4 months leave in his services. Calculate taxable leave salary.
30. Mr. V.J., an employee of the central government, gets Rs. 10,000 p.m. as basic salary and is entitled to Rs. 2,500 p.m. as entertainment allowance. Compute the taxable entertainment allowance U/S 16 (2)
Gross salary: Rs. 1,50,000
Net salary : Rs. 1,05,000

ESSAY TYPE QUESTIONS (10 MARKS)

31. Write down the rules regarding gratuity received by all types of employees under income tax act.
32. What do you mean by provident fund? Give various types of provident fund.
33. Mr. Suresh is an employee of a company in New Delhi. He submits the following particulars of his income from the company and you are asked to work out his taxable salary income for the financial year 2018-19
- (a) Salary Rs. 18,000 per month
 - (b) Bonus one month salary
 - (c) Contribution to recognized provident fund 15% of salary, the company also contributing equal sum.
 - (d) Interest credited to P.F. at 10% per annum amounted to Rs. 20,000 during the year.
 - (e) He received entertainment allowance from the company at Rs. 2,000 per month, which he claims the he has fully spent for that purpose.
 - (f) He received a gift worth Rs. 12,000 from his employer.
 - (g) Deposit in PPF Rs. 90,000.
 - (h) Deposit in NSC Rs. 40,000.
34. Mr. Natraj is employed in Delhi and gets the following emoluments.
- | | Rs |
|------------------|--|
| Basic salary | 8,000 p.m. |
| DA | 6,000 p.m. (forming part) |
| Bonus | 10,000 |
| CCA | 2,000 p.m. |
| Convey allowance | 500 p.m. (actual amount spent Rs. 4,000) |
- He is provided with a rent free house. Calculate taxable salary and value of rent free house on the assumption that the population is 26 lakhs.
Principle amount of Repayment of housing loan Rs. 1,10,000. Amount invested in NSC: Rs. 35,000, deposit in PPF Rs. 40,000.
35. Mr. Ajay is an employee of a public sector company at Chennai (population above 25 lakhs). He draws a salary of Rs. 10,000 p.m. he is provided with a rent free unfurnished accommodation, the fair rental value of which is Rs. 30,000 P.A. He is drawing EA of Rs. 2,000 p.m. he is also enjoying the facility of a small car, owned by employer, both for official and personal use. It's running and maintenance expenditure also met by employer. Compute Mr. Ajay's taxable salary.
36. Income details of Thirumurugan for the financial year 2018-19 are as follows:
- i) Salary Rs. 5,000 p.m.
 - ii) D.A. Rs. 2,000 p.m.
 - iii) Entertainment allowance Rs. 300 p.m.
 - iv) Employers contribution to RPF Rs. 7,900 p.a.
 - v) Interest credited to RPF @ 9.5% Rs. 1,000
 - vi) City compensatory allowance Rs. 150 p.m.
 - vii) Medical allowance Rs. 100 p.m.
 - viii) HRA Rs. 600 p.m. (Rent paid Rs. 750 p.m.)
- Calculate salary income for the A.Y. 2019-20.

37. Compute the salary income of Mr. Mahesh. Pay Rs. 10,000 p.m. DA Rs. 1,000 p.m. (50% included for service benefit) conveyance allowance Rs. 500 p.m. (50% for office use) CCA Rs. 400 p.m. Education allowance Rs. 300 p.m. (employee has one child). Sales commission Rs. 10,000, Leave salary Rs. 1,000. RPF contribution by employer and employee Rs. 750 p.m. HRA Rs. 1,000 p.m. (Rent paid for house Rs. 1,400 p.m.) professional tax paid by employee Rs. 1,000.
38. Compute salary income of Mr. Schevake from the following :
- Salary received (after deduction of income tax and RPF) Rs. 1,00,000
 - RPF deducted Rs. 12,000
 - Income tax paid Rs. 10,000
 - DA @ 20% of salary
 - Bonus Rs. 15,000
 - Leave salary Rs. 13,000
 - House rent allowance Rs. 1,000 p.m. (The rent paid for house in Chennai Rs. 1,300 p.m.)
39. From the following particulars of Mr. Ramesh compute his salary income
- Salary Rs. 15,000 p.m.
 - DA Rs. 1,500 p.m.
 - Education allowance Rs. 500 p.m. (He has one child)
 - CCA Rs. 300 p.m.
 - Entertainment allowance Rs. 200 p.m.
 - HRA Rs. 2,000 p.m. (Rent paid for house Rs. 2,500 p.m.)
 - Professional tax paid by employer Rs. 1,000
 - LIC premium paid by employer Rs. 2,000 (for Ramesh's life)
 - Compensation received from former employer for termination of employment Rs. 10,000.
 - Medical expenses of Ramesh reimbursed by the employer Rs. 5,000.
40. From the following particulars find out the taxable salary of Mr. Ramesh working at Trichy (population more than 4 lakhs)
- Salary Rs. 12,000 p.m
 - DA Rs. 1,500 p.m
 - Rent free accommodation whose fair rental value is Rs. 80,000 p.a.
 - Employer's contribution to RPF 14% of salary
 - Interest on PF balance @ 13% p.a Rs. 3,900
 - Professional tax paid Rs. 2,000
 - Medical allowances received Rs. 500 p.m.
 - Arrears of salary Rs. 13,200

UNIT – III

CHOOSE THE CORRECT ANSWER

1. Profits earned from an illegal business are
 - (a) Taxable
 - (b) Tax free
 - (c) Ignored by tax authority
 - (d) None of these
2. Contribution made to an approved scientific research association is eligible for deduction upto
 - (a) 50%
 - (b) 80%
 - (c) 100%
 - (d) 150%
3. An absorbed capital expenditure on scientific research can be carried forward for
 - (a) 15 years
 - (b) 14years
 - (c) 8 years
 - (d) Indefinite period
4. Any expenditure incurred on purchase of patent rights is allowed as deduction in equal instalment over a period of
 - (a) 10 years
 - (b) 14years
 - (c) 5 years
 - (d) It qualifies for depreciation
5. Excise duty and sales tax are allowed as deduction if paid before
 - (a) Late date of filing of return
 - (b) Previous year's end
 - (c) Before 31st December of the previous year
 - (d) After 31st December of the next year
6. What is the limit beyond which expenses should be paid by crossed cheque or draft only otherwise the payment is fully disallowed?
 - (a) Rs. 5,000
 - (b) Rs. 10,000
 - (c) Rs. 15,000
 - (d) Rs.20,000

7. Bad debts allowed earlier and recovered later on is
- (a) Business income
 - (b) Non business income
 - (c) Exempted income
 - (d) Income from other sources
8. Intangible assets are
- (a) Non eligible for depreciation
 - (b) Eligible for depreciation
 - (c) Can be fully written off in the year of acquisition
 - (d) None of these
9. If a depreciation asset is acquired and used for less than 180 days in a financial year, depreciation allowed on it is
- (a) Normal rate
 - (b) 50% of the normal rate
 - (c) Nil
 - (d) None of these
10. Rate of depreciation on furniture is
- (a) 5%
 - (b) 15%
 - (c) 10%
 - (d) 20%

Answers: 1 (a) 2 (d) 3 (b) 4 (d) 5 (a) 6 (b) 7 (a) 8 (b) 9 (b) 10 (c)

SHORT QUESTION (2 MARKS)

11. Explain the term business.
12. Explain the term profession.
13. Explain the 'Deemed profits' U/S 41.
14. What do you mean by 'self generated assets'?
15. Write a note on expenditure on scientific research.
16. State any four in admissible expenses.
17. What are the provisions relating to preliminary expenses?
18. What is depreciation?
19. What is 'Block of assets'?
20. Write short notes on unabsorbed depreciation.

PARAGRAPH QUESTIONS (5 MARKS)

21. Discuss the procedure for computing business income.
22. What are expressly disallowed expenses? It is necessary to put restriction on allow ability of business expenditure?
23. Discuss the general principles which decide whether an expenditure is deductible or not form business income.
24. State the admissibility or not of the following items in business head.
- (a) Commission paid Rs. 5,000 to secure orders for business.
 - (b) Rs.1,00,000 compensation paid to an employee for premature termination of services for illegal activities.
 - (c) Stock was lost in fire Rs. 20,000 debited to P and L account.
 - (d) Loss due to embezzlement by an employee Rs. 2,000
 - (e) Purchase of building Rs. 1,00,000

25. Mr. X dues you the following particulars from his account for the year ending 31-3-19. Following items have been debited to profit and loss account.

Particulars	Rs.
(i) Net profit as per P&L account	3,00,000
ii. Contribution to unrecognized provident fund	20,000
iii. Provision for Income tax and wealth tax	10,000
iv. Advertisement	10,000
v. Provision for excise duty	5,000
vi. Interest on late payment of sales tax	1,000
viii) Office expenses	3,000

Compute his business income.

26. From the following information compute the business income of Mr.VJ

	Rs.
Staff salary	25,000
Rent	5,000
Sales	75,000
Commission on sales	2,000
Bad debts recovered (earlier allowed)	10,000
Dividend (net)	20,000

27. Anil commenced business on September 7, 2018. He commenced production on March 20,2019.The following expenses are incurred by him before commencement of business.
- (a) Preparation of feasibility report and conducting market survey: Rs. 1,25,000
 - (b) Engineering service work is carried by a concern (which is not approved by the board) Rs. 1, 40000. If cost of the project is Rs.10,00,000. Find out the amount of deduction allowed in the A.Y. 2019-20.

28. Compute the value of plant and machinery for calculating depreciation from the following information for the assessment year 2019-2020.

	Rs.
WDV of plant and machinery as on 1.4.18 is	3,00,000
Additions made on 1.9.2018	60,000
Sale of one of the plant and machinery on 1.12.2018	40,000

29. From the following information compute the amount of depreciation allowable for the A.Y 2019-2020.

	Rs.
WDV on furniture 1.4.18	1,10,000
Furniture purchased on 10 th June 2018	15,000
Furniture purchased on 18 th Jan 2019	20,000
Part of furniture sold in Feb. 2019	3,000
Rate of depreciation 10%	

30. X made the following expenditure on scientific research upto 31st March 2019

- On December 21, 2018, X paid Rs. 60,000 to the I.I.T Chennai for carrying out research in social and statistical science.
- On July 20, 2018, X also purchased a plot of land for Rs. 6,00,000, later on a building for research was constructed at Rs. 30,00,000.
- X also paid to national lab Rs. 1,00,000 to scientific research.

ESSAY TYPE QUESTIONS (10 MARKS)

31. Mr. Raman has prepared the following P&L for the year ended 31.3.2019. You are required to compute his income from business and his gross total income for the A.Y. 2019-20.

Particulars	Rs.	Particulars	Rs.
To Income tax	700	By Gross profit	1,35,900
To Charities	375	By Dividend	
To Donations	400	(co-operative society)	2,600
To Advertisements	1450	By Rent from house	
To Postage & telegrams	100	Property	500
To Other expenses	5,125	By Bad debts recovered	2000
To Net profits	1,32,850		
	1,41,000		1,41,000

32. Compute the business income of the particular.

Particulars	Rs.	Particulars	Rs.
To General expenses	10,000	By Gross profit	1,00,000
To salary to staff	12,000	By commission	10,000
To purchase of typewriter	10,000	By rent received	50,000
To advertisement (in cash)	25,000		
	3,000		
To interest on capital	1,00,000		
To net profit			
	1,60,000		1,60,000

33. From the following profit and loss account, compute the business income.

Particulars	Rs.	Particulars	Rs.
To Office salary	6,500	By Gross profit	40,000
To provision for bad debts	3,000	By commission	5,000
	2,000	By Rent of Building	500
To Interest on capital	1,200		
To depreciation	2,000		
To advertisement	3,000		
To fire insurance(building)	1,000		
	26,800		
To sales tax			
To net profit			
	45,500		45,500

34. The following is the profit and loss account of a merchant for the year ending 31st March 2019

Profit and Loss A/c

Particulars	Rs.	Particulars	Rs.
To Office salary	6,500	By Gross profit	36,750
To Bad debts	1,700	By commission	1,250
To provision for bad debts	3,000	By Discounts	500
	3,800	By sundry receipts	200
To Advertisement	550	By rent of building	3,600
To fire insurance (House Property)	2,750	By profit on sale of investments	3,000
To General Expenses	1,200		
To Depreciation	2,000		
To Interest on capital	1,300		
To Interest on Bank Loan	22,500		
To Net Profit			
	45,300		45,300

Compute the taxable profit from business. The amount of depreciation is Rs.1,000 as per Income Tax Act.

35. Mr. kumar an advocate, furnishes the following receipts and payment for the PY 2018-19.

Receipts	Rs.	Payments	Rs.
To Balance b/d	6,540	By Rent	2,400
To Legal fees	84,400	By Telephone	3,000
To Interest on debentures	2,700	By Salaries	2,400
To Salary (as part time lecturer)	3,600	By Travelling charges	560
To Gift from client	10,000	By Office expenses	840
To Rent	6,000	By Stamp paper	1,600
To Interest on foreign security	8,000	By Interest on loan	870
To Refund of company deposit	2,000	By Donation to a school	5,000
		By Balance c/d	1,06,570
	1,23,240		1,23,240

Compute the professional income.

36. Dr. Satish is a Medical practitioner. He gives you the following summary of cash book for the ending 31-3-2019.

Receipts	Rs.	Payments	Rs.
To Balance b/f	10,000	By Rent of clinic	18,000
To Consultation fee	60,000	By Purchase of medicine	38,000
To Visiting fee	45,000	By Staff salaries	24,000
To Gifts and presents	8,000	By Surgical equipment	40,000
To Sale of medicine	42,000	By Motor car expenses	8,000
To Dividend from U.T.I	6,000	By Purchase of motor car	1,40,000
To Life insurance maturity	1,00,000	By Household expenses	7,000
To Dividend from N.D.S	6,000	By Closing balance	2,000
	2,77,000		2,77,000

- (i) 50% of the motor car expenses are incurred in connection with profession, car was purchased in December 2018.
(ii) Household expenses include Rs. 6,800 insurance premium.
(iii) Gift and present included Rs. 3,000 from relatives.
(iv) Closing stock of medicine of Rs. 12,000 and opening stock 1-4-2018 was Rs.4,000.
Compute his professional gain for the assessment year 2019-2020.

37. Ganesh & sons, chartered accountants of Chennai submitted the following income and expenditure A/c for the year ending 31- 3- 2019. Compute their professional income.

Expenditure	Rs.	Income	Rs.
To Drawings	6,000	By Audit fee	24,000
To Office rent	2,000	By Consultancy fee	18,000
To Telephone installation Charges under O.Y.T. Scheme	8,000	By Dividend from an company (gross)	2,000
To Electricity expenses	1,200	By Dividend on units of UTI	
To Salary of staff	6,000	By Accountancy work	1,000
To Charities	200		4,000
To Gifts given to relatives	5,600		
To Scooter expenses	1,000		
To Institute fees	700		
To Stipends given to trainees	1,200		
To Net income	17,100		
	49,000		49,000

Depreciation during the year amounts to Rs. 500 only.

38. From the following particulars compute the business income Mr. Regunathan

Particulars	Rs.	Payments	Rs.
To Salaries	90,000	By Gross profits	3,50,000
To Rent and taxes	20,000	By Dividend	4,000
To Service charges	4,000	By Bad debts recovered	4,400
To Legal expenses	5,000	By Income from post office saving bank	1,200
To Reserve income tax	6,000		
To Depreciation	12,000		
To Expenses on acquisition of patents rights	56,000		
To Office expenses	42,000		
To Contribution to R.P.F	12,000		
To Bad debts	4,500		
To Donation to N.D.F	2,500		
To Net profit	1,05,600		
	3,59,600		3,59,600

- (a) Depreciation on assets other than Patent right is Rs. 14,500
 (b) Contribution to employees R.P.F due on 31-3-2019; Rs.2,000 contribution is @ rate Rs. 1,000 p.m.

39. The following is the profits and loss account of Mr. Kumar for year ended on 31-3-2019. Compute this total business income for that year.

Particulars	Rs.	Payments	Rs.
To Opening stock	15,000	By Sales	1,80,000
To Purchases	40,000	By Closing stock	20,000
To Wages	20,000	By Gift from father	10,000
To Rent	46,000	By Income tax refund	3,000
To Repairs to motor car	3,000		
To Sales tax paid	2,000		
To Medical expenses	3,000		
To General expenses	10,000		
To Depreciation on motor car	4,000		
To Advance income tax	1,000		
To Profit	69,000		
	2,13,000		2,13,000

Further Information

- Mr. Kumar carries on his business room rented building half of which is used as his residence.
 - Motor car $\frac{3}{4}$ th was used for the business, and $\frac{1}{4}$ th for personal use.
 - Medical expenses were incurred during sickness of Mr. Kumar for his treatment.
 - Wages include Rs. 250 p.m. on account of motor car driver for ten months.
 - Sales tax includes Rs.200 for interest on late payment of sales tax.
40. Ascertain the total amount of depreciation for following assets the assessment year 2019-20:
- Written down value of office air conditioners as on 1-4-18 is Rs.4,00,000
 - Written down value of factory air conditioners on 1-4-18 is Rs.5,00,000
 - Additions made to office air conditioners on 1-8-18 is Rs. 30,000
 - Additions made to factory air conditioners on 1-10-18 is Rs. 40,000
- It's to be noted that the organization has been involved in manufacturing during the previous year 2018-19.

UNIT – IV

CHOOSE THE CORRECT ANSWER

1. Which of the following is not an 'exempted asset' for the purpose of capital gains tax?
 - (a) Assets held for personal use
 - (b) Shares of domestic companies
 - (c) Gold deposit bonds under 1999 scheme
 - (d) Special Bearer bond issued by central govt. in 1991
2. Listed shares held for less than 12 months are
 - (a) Short term capital asset
 - (b) Long term capital asset
 - (c) Exempted capital asset
 - (d) None of the above
3. House property held for less than 24 months is
 - (a) Long term capital asset
 - (b) Short term capital asset
 - (c) Exempted capital asset
 - (d) None of the above
4. Unlisted shares held for 15 months are
 - (a) Long term capital asset
 - (b) Short term capital asset
 - (c) Exempted capital asset
 - (d) None of these
5. FMV on 1.4.2001 is applicable to assets
 - (a) Acquired prior to 1.4.2001
 - (b) Transferred prior to 1.4.81
 - (c) Acquired after 1.4.2001
 - (d) None of the above
6. What is the date from which "cost of improvement" to capital assets is taken into account while computing capital gains?
 - (a) 1.4.2010
 - (b) 1.4.1971
 - (c) 1.4.1991
 - (d) 1.4.2001
7. Cost of improvement incurred prior to 1.4.2001 is
 - (a) Indexed separately
 - (b) Indexed along with cost of acquisition
 - (c) Ignored fully
 - (d) None of these

8. Exemption U/S 54 B is allowed for investment in
(a) Agricultural land
(b) Residential house
(c) Shares
(d) Non-agricultural
9. Tax on short-term gain on sale of listed shares subject to STT is
(a) 20%
(b) 25%
(c) 30%
(d) 15%
10. Tax on long term capital gain is
(a) 10%
(b) 20%
(c) 30%
(d) 25%

Answers: 1. (b) 2 (a) 3 (b) 4 (b) 5 (a) 6 (d) 7 (c) 8 (a) 9 (d) 10 (b)

SHORT QUESTIONS:(2 MARKS)

11. What are 'capital assets'?
12. Classify capital assets.
13. What is not included in capital assets?
14. Write short note on short-term capital gains.
15. What are the kinds of 'capital gains'?
16. Short note on cost of acquisition.
17. Short note on cost of improvement.
18. What do you mean by long-term capital gain?
19. What do you mean by 'transfer of asset'?
20. Give two examples of assets which are exempted from capital gain.

Paragraph questions (5 Marks)

21. Write short note on
(a) Indexed cost of acquisition
(b) Indexed cost of improvement
22. State whether the following are short term or long term capital assets, if the assessee sells them on 1-2-2019
(i) Government securities acquired on 1-4-2018
(ii) Debentures of a company purchased on 1-11-2016
(iii) Listed shares of a company purchased on 1-9-2016
(iv) Diamonds acquired on 1-11-2016
(v) House property acquired on 1-10-2014
23. A land is purchased in the year 2010-11 for Rs. 80,000. During the year 2018-19 it was sold for Rs. 80,00,000. Calculate long term capital gain or loss (CII for 2010-11 = 167, 2018-19 = 280).

24. Mr. Ram purchased a house on 1.11.2004 for Rs. 2,00,000 and it was improved in 2012-13 at a cost of Rs. 1,00,000. What will be indexed cost during 2018-19 if CII for 2004-5 is 113; for 2012-13 is 200 and for 2018-19 is 280.
25. Mr. James purchases a house property for Rs. 1,00,000 on June 20,1960. He gets the first floor of the house constructed in 1970 by spending Rs. 60,000. James also spends Rs. 70,000 for reconstruction of the property during 2005-06. The fair market value of the property on April 1, 2001 is Rs. 1,50,000. Find out the cost of the asset, if James intends to sell it during 2018-19. CII for 2001-02, 2005-06, 2018-19 is 100,117 and 280.
26. Sri. Varadhan acquires property for Rs. 80,000 on January 15, 1975. He incurred improvement cost of Rs. 90,000 during 2007-08 for making addition. During 91-92 the assessee enters into an agreement to sell the house after receiving an advance money of Rs. 10,000. On failure of the proposed buyer to honor the agreement Sri varadhan forfeits the advance money. Find out the cost of the asset if the property is sold during 2018-19. Fair market value of property on April 1, 2001 is Rs. 1,00,000. CII for 2007-08, 2018-19 is 129 and 280.
27. Define the term 'transfer'. Describe transactions which are excluded from 'Transfer'.
28. What are included and excluded from capital assets?
29. Compute the capital gain for the assessment year 2019-20.
 Date of purchase of house May 1977
 Cost of acquisition Rs. 1,80,000.
 Fair market value as on 1.4.2001 Rs. 2,00,000.
 Advance money received and forfeited during 2016-17: 1,20,000
 Sold the property in 2018 -19 Rs. 1,40,00,000
 Cost inflation index: 2018-19: 280
30. Mr. Jeevan purchases diamonds on 1-4-2018 for Rs. 1,00,000. He incurred brokerage cost of Rs. 5,000 on purchase. He sells Diamonds for Rs. 1,60,000 on August 10,2018. Compute the chargeable capital gain in the hands of Mr. Jeevan for the assessment year 2019-20.

ESSAY TYPE QUESTIONS (10 MARKS)

31. Ram Nath sells the following capital assets during the previous year 2018-19. Compute the capital gains :

	Shares (unlisted) Rs.	House property Rs.
Sale consideration	25,00,000	4,35,000
Year of acquisition	2004-05	2007-08
Cost of acquisition	2,90,000	18,000
Cost of improvement incurred in 2010-11	-	70,000

C.I.I. for 2004-05 is 113. C.I.I. for 2007-08 is 129, C.I.I for 2010-11 is 167. C.I.I. for 2018-19 is 280.

32. Find out taxable capital gain for the A.Y.2019-20.
- House purchased during 2005-06 (117) Rs. 3,48,000.
 - House sold during 2018-19 (280) Rs. 60,00,000.
 - New house purchased in January 2019 Rs. 3,00,000.
33. From the following details calculate capital gain:
- Sale consideration of residential house Rs. 40,00,000 on 26.10.2018(CII : 280)
 - Cost of acquisition of the house on 1.8.2012, Rs. 8,27,500 (CII : 200)
 - New residential house acquired on 2nd February 2018 for Rs. 17,24,500 (CII : 280)

34. From the following data, calculate the capital gains, taxable for Assessment year 2018-19.

	Rs. In Lakhs
Site purchased in 1975value	0.33
Market value of site on 1.4.2001	0.75
Ground floor-cost of construction on 1.8.81	1.50
First floor-cost of construction in 2006-07	2.66
Sale consideration received in 2019 (01.02.2019)	90.00
Investment in new property	10.00

Assume the property sold and new property acquired are for residential purpose:

Cost inflation index:	2006-07	122
	2018-19	280

35. From the following compute capital gain for the A.Y. 2018-19.

	Rs.
House purchased in 2006-07 (CII : 122)	5,00,000
Sold in November 2018 (CII-280)	90,00,000
Purchased another house in September 2018	3,50,000
Deposit in capital gain a/c scheme in January 2019	4,00,000

Cost of living index for 2006-07 = 122; 2018-19: 280.

36. Agricultural land situated in Agra purchased in 2003-04 for Rs. 46,400, sold for Rs. 3,80,000 on 1.5.2018. the assessee purchased another piece of agricultural land on 1.8.2018 for Rs. 70,000 and deposited Rs. 30,000 on 24.6.19 in capital gain amount scheme.

Find out the capital gain chargeable to tax for the AY 2019-20. The cost inflation index in 2003-04 was 109 and in 2018-19 it was 280.

37. One building (which was purchased in 2008) of X Ltd., an industrial undertaking, is compulsorily acquired by the Government of Uttar Pradesh. Its W.D.V. on 1.4.18 was Rs. 3,50,000. The U.P. Government paid Rs. 6,00,000 on 25th May 2018 as compensation. The company purchased another building for industrial undertaking for Rs. 2,00,000 on 20th April 2019. Determine the amount exempt under section 54D and taxable capital gain for assessment year 2019-20.

38. Mr. David sold a plot on 1.6.2018 (CII-280) for Rs. 22,40,000. He spent Rs. 40,000 for sale. The plot was received by him on death of his father on 22.3.2004 (CII=109) his father had acquired it on 1.4.1980 for Rs. 1,00,000 and its FMV on 1.4.2001 was Rs. 1,40,000. On 1.6.18 he invested Rs. 3,00,000 in National highway authority bonds.
39. Mr. Z acquired a plot of land on 30-6-2006 (CII:122) for Rs. 3,20,000 and spent Rs. 1,40,000 on its registration and brokerage etc. The plot was sold for Rs. 40 lakhs on 30-8-2018 (CII : 280). He had purchased a house for Rs.15 lakhs on 1.12.2017. He had paid, Rs. 5,000 for ground rent of plot held by him. Compute the amount of taxable capital gain for the assessment year 2018-19.
40. Mr. Arun 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 2005-06. The current price of shares is Rs. 5,000. Find out the taxable capital gain for the A.Y:2019-20 in respect of the following situations. If FMV of shares on 1.4.2001 is Rs.500.
- He sells original holding 300 shares.
 - He sells bonus shares received in 1995-96
 - He sells all the shares

Cost inflation index are as follows:

2005-06:117; 2001-02:100;
2005-06:117;2017-18:280.



UNIT – V

CHOOSE THE CORRECT ANSWER

1. Income from other sources is a
 - (a) Residuary head of income
 - (b) Major head of income
 - (c) Income from a single source
 - (d) Constant and regular income
2. Which one of the following is not an 'Income from other sources'?
 - (a) Interest on fixed deposit in bank
 - (b) Winnings from cross word puzzles
 - (c) Gift in excess of Rs. 50,000 from an unrelated person
 - (d) Profit on sale of building
3. Which of the following income other sources is not taxable?
 - (a) Dividend from co-operative society
 - (b) Dividend from foreign company
 - (c) Dividend from domestic company
 - (d) Winnings from lottery
4. Dividends from co-operative society are
 - (a) Exempted
 - (b) Taxable
 - (c) Partly taxable
 - (d) None of these
5. 'Grossing up' of interest on securities is required when
 - (a) Interest is received after T.D.S
 - (b) They are central govt. securities
 - (c) The interest on bank deposit is less than Rs. 10,000
 - (d) None of these
6. Tax is reduced from casual incomes at
 - (a) 10% + surcharge and cesses
 - (b) 20% + surcharge and cesses
 - (c) 30%
 - (d) None of these
7. Interest on bank term deposits is subject to tax deduction at source if the interest amount during the relevant previous year exceeds
 - (a) Rs. 2000
 - (b) Rs. 5,000
 - (c) Rs. 10,000
 - (d) Rs. 30,000

8. Rate of T.D.S for listed securities is
(a) 10%
(b) 15.3%
(c) 20.3%
(d) 30.3%
9. Rate of T.D.S for unlisted securities is
(a) 10.6%
(b) 15.6%
(c) 10%
(d) 30.6%
10. Gifts from unrelated persons received are taxable if in
(a) Aggregate exceeds Rs. 10,000
(b) Aggregate exceeds Rs. 20,000
(c) Aggregate exceeds Rs. 40,000
(d) Aggregate exceeds Rs. 50,000

Answers: 1 (a) 2 (d) 3 (c) 4 (b) 5 (a) 6 (c) 7 (c) 8 (a) 9 (c) 10 (d)

SHORT QUESTIONS (2 MARKS)

11. Give any two examples of 'Income from other sources'.
12. Write short notes on 'Tax free securities'.
13. What is casual income?
14. What is grossing up?
15. What is meant by dividend?
16. Write short note on undisclosed source.
17. What are the other sources of income?
18. What do you mean by security?
19. Give any two examples for deduction from income from other sources.
20. Write down the formula for grossing up.

PARAGRAPH QUESTIONS: (5 MARKS)

21. What do you mean by "Income from other sources" give ten examples.
22. What are the deductions allowed while computing income from other source?
23. What do you understand by the term bond washing transaction?
24. What are the rules regarding taxable of dividend?
25. Mr. Murugan furnishes the following particulars of his income for the previous year 2018-19. Compute the income from other sources for the assessment year 2019-20.
- | | |
|---|------------|
| (a) Dividend (gross) from Ashok Leyland Ltd., | Rs. 50,000 |
| (b) Interim dividend from TVS Ltd. | Rs. 10,000 |
| (c) Dividend from a co-operative society | Rs. 10,000 |
| (d) Dividend from a foreign company(Net) | Rs. 52,000 |
| (e) Dividend from UTI | Rs. 6,000 |

26. Mr. 'K' received the following incomes during 2018-19. Compute his income under the head 'income from other sources' separately for each case:

Items in A	Rs.
(a) Winnings from Sikkim Lottery received	1,05,000
(b) Winnings from Horse race (Amount won)	2,000
(c) Winnings from Crossword puzzle	4,000

Items in B	Rs.
(a) Winnings from Lottery (Amount won)	2,000
(b) Winnings from Horse race received	56,000

27. Compute income under the head Income from other sources of Tirumathi Rajamani.

	Rs.
Directors fees	20,000
Interest from bank	6,000
Income from undisclosed sources	24,000
Dividend on shares (Gross)	12,800
Ground rent	600

28. Compute the income under the head income from other sources of Mr. Arumugam.

	Rs.
(a) Interest (gross) on investments with a company	10,000
(b) University remuneration for working as an examiner	8,000
(c) Royalty for writing books (He claims to have spent Rs.20,000 for writing these books)	80,000
(d) Dividend received from a domestic company	12,000
(e) Interim dividend	6,000
(f) Family pension	48,000

29. Mr. Kumaran's investments during the year ended 31st March 2019 consisted of the following:

- (a) Rs. 25,000, 7% Government securities.
- (b) Rs. 15,000, 8% Agra Municipal Bonds.
- (c) Rs. 10,000, 7 years post office National Saving Certificates.
- (d) Rs. 10,000, 6% securities issued by a Foreign Government

Find out his income from other sources.

30. The following are the investments of Justine:

- (i) Rs. 80,000, 8% Andhra Pradesh Govt. Loan.
- (ii) Rs. 40,000, 9% Bombay Improvement Trust Bonds.
- (iii) Rs. 40,000, 10% Debentures of a Textile Mill co.
- (iv) Rs. 75,000, 10% Preference shares of an Automobile Co.

He claims 6% of the income as collection charges, but he paid only Rs. 200 as commission for collecting interest. He also paid Rs. 5,200 as interest on loan taken to purchase Debentures of the Textile Mill Co.

Calculate his income under the head income from other sources.

ESSAY TYPE QUESTIONS (10 MARKS)

31. From the following particulars submitted by Srinivas, compute his income from other sources for the assessment year 2019-20.

- (a) He was a director in a company from which he received Rs. 13,000 as Director's fees.
- (b) Interest received on deposit with a Co-operative Bank Rs. 2,000.
- (c) Dividends received from a foreign company Rs. 6,000
- (d) Received winning from Lottery Rs. 27,760.
- (e) Income from agriculture in England Rs. 78,000.
- (f) Honorarium for delivering lectures in a registered society Rs. 1,200.
- (g) Srinivas owned a house property at Trichy, which was acquired by the Government in 2014-13. Along with compensation, Rs. 80,000 was paid by the Government as interest for late payment of compensation during 2018-19.

32. Mr. Chowdhary's income details for 2018-2019 are as follows:

- (i) Agricultural income from Sri Lanka Rs. 20,000.
- (ii) Interest on POSB a/c Rs. 1,000
- (iii) Interest on deposit Rs. 9,000.
- (iv) Income from sub-letting Rs. 1,500.
- (v) Dividend from foreign company Rs. 15,000.
- (vi) Horse race income (net) Rs. 53,500.

33. Thiru Gunasekaran earned the following incomes during the previous year ending on 31st March 2019. Compute his taxable income from other sources:

	Rs.
(i) Income from agricultural land in Burma	3,60,000.
(ii) Income from agricultural land in kerala	1,80,000
(iii) Interest on fixed deposit in Indian bank	16,200
(iv) Interest on post office savings bank a/c	13,500
(v) Dividend from co-operate society	12,000
(vi) Director fees	54,000
(vii) Net winnings from Manipur lottery	4,20,000
(viii) Advance money received and forfeited during negotiation to sell a capital asset:	
60,000	

34. Compute income from other sources of Mugundan for the previous year 2018-19.

- (i) Dividend on equity shares. Rs. 600.
- (ii) Dividend on preference share Rs. 3,200.
- (iii) Income from letting of building and machinery Rs. 17,000.
- (iv) Interest on bank deposit Rs. 2,500.
- (v) Director's fees Rs. 1,200.
- (vi) Ground rent Rs. 600.
- (vii) Undisclosed income Rs. 10,000.
- (viii) Lottery income (Gross) Rs. 10,000.
- (ix) Advance money received and forfeited during negotiation to sell a capital asset: Rs. 70,000.

He claims the following deductions.

Depreciation on building Rs. 4,000 and insurance on machinery Rs. 100.

35. The following incomes are received by Mr. Vignesh during the financial year 2018-19

	Rs.
Director fees	2,000
Income from agricultural land in Sri Lanka	5,000
Ground rent for land in Mysore	10,000
Interest on post office saving bank a/c	100
Interest on deposit with IFCI	500
Dividend from foreign company	700
Rent from house (sub-let)	26,250
Rent paid by Mr. Vignesh (on the sub-let house)	13,000
Winnings from Horse race	12,300
Interest on securities	4,000

Compute the income from other sources of Mr. Vignesh, for the assessment year 2019-20.

36. Raman is a member of parliament from Chennai. During the previous year 2018-19, he had the following incomes:

- (a) As a member of parliament he received a salary of Rs. 500 p.m., and daily allowance of Rs. 5,100 for attending various sessions.
- (b) He had the following investments:
 - (i) 1,000 Equity shares of Rs. 10 each in Tata Finlay Ltd. The company declared interim dividend of 15% on 15th February, 2018 but paid it on 1st May, 2018 and declared a final dividend of 10% on 30th March, 2019.
 - (ii) A 10% fixed deposit of Rs. 10,000 is held by him in Indian banks. Interest is credited annually.
 - (iii) He received dividend of Rs. 500 from a Co-operative society.
- (c) He won Rs. 8,000 in crossword puzzles and horse races.
- (d) He has let machinery and furniture and also building to Mr. Krishnan at a monthly rent of Rs. 5,000. He spent Rs. 1,500 on the repair of machinery, furniture and

building during the previous year. Depreciation allowed in respect of these assets for the previous year was Rs. 10,000.

The bank charged Rs. 17 commission on collection of dividends.

Compute the taxable income of Raman under the head "Income from other sources".

37. Sri. Mukunda furnishes the following particulars of his incomes for the previous year 2018-19. Compute his total income:

	Rs.
(i) Dividend on Equity shares (Gross)	600
(ii) Dividend on preference shares (Gross)	3,200
(iii) Interest on deposits with SBI (Gross)	60,000
(iv) Director's sitting fees	1,200
(v) Ground rent	800
(vi) Income from undisclosed source	10,000
(vii) Income from lotteries gross	10,000
(viii) Income from agricultural land in India	2,000
(ix) Income from agricultural land in U.S.A	1,00,000
(x) Interest on Bank deposits with UCO Bank	5,000

(xi) Mukund received the following sums :

As Gifts during 2018-19

Rs. 55,000 from his sister on 4-10-18

Rs. 27,000 from his friend on 16-8-18

Rs. 29,000 from his another friend on 30-1-19.

Mukunda receives following properties from his friends without any consideration:

(xii) House property situated at Chennai, stamp duty value Rs.50,000

(xiii) House property at Madurai, stamp duty value Rs. 5,00,000

The following deductions are claimed by him.

Collection charges of dividend. Rs. 20

Interest on capital borrowed for investment

In preference shares Rs.1,000

38. Mr.J holds the following securities on April 1, 2018:

Rs.	
10,000	6.5% central government loan (date of payment of interest : July 10 every year)
40,000	8% debentures (non listed) of PQR Ltd., (date of payment of interest: may 15 and November 15 every year)
10,000	9% relief bonds (tax free)

Apart from the aforesaid securities, J invests in (non- listed) U.P. government loan, Bihar government loan and debentures of ABC Ltd., (non-listed) on June 30,2018. And receives Rs. 4,000, Rs. 8,000, Rs. 15,880 respectively as interest on December 31, 2018. He pays 2 percent commissions to bank for collection of interest (net) on securities. Determine taxable income.

39. Ms. Selvi held the following investments:

- (a) Rs. 8,10,000 10% (Tax free) debentures of 'A' limited company (listed)
- (b) Rs. 72,000 interest received on Tax free debentures of U.V. Ltd.(Not listed)
- (c) Rs. 7,99,200 10% (Tax free) securities of 'A' limited company (Listed)
- (d) Rs. 1,39,680 interest received on tax free securities of limited company.
- (e) Rs. 4,00,000 15% debentures of a company
- (f) Rs. 26,910 being interest received on listed debentures of a company.

Compute the income from the sources of Ms. Selvi for the assessment year 2019 – 20.

40. Shri. Rajan holds the following investment:

- 1. Rs. 1,00,000, 10% central government securities purchased on 1st April 2018
- 2. Rs. 2,00,000, 15% dentures of 'A' Ltd. company purchased on 1.1.2018
- 3. Rs. 1,50,000, 12% securities of a paper mill Co., purchased on 1.3.2018. these securities were sold on 1.9.2018.
- 4. Rs.2,50,000, 10% securities of X Ltd. acquired on 1.2.2018 and disposed off on 2.10.2018.
- 5. Rs. 1,25,000, 10% securities of XYZ Ltd. acquired on 1.12.2018, and disposed of on 1.3.2019.

Compute the interest income of Mr. Rajan for the Assessment year 2019-20, if interest is payable on 31st July and 31st January each year.

THIRUPPANANDAL
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