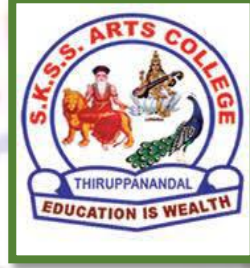




ஸ்ரீ-ல-ஸ்ரீ காசிவாசி சுவாமிநாத சுவாமிகள் கலைக் கல்லூரி
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QUESTION BANK

Title of the Paper

INCOME TAX THEORY LAW AND PRACTICE

Course: I M.Com.,
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Prepared by



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CORE COURSE – IV

INCOME TAX THEORY LAW AND PRACTICE

UNIT – I

Income Tax Act – Definition – Income – Agriculture Income – Assessee– Previous year – Assessment year – Residential Status – Scope of Total Income – Capital and Revenue – Receipts and Expenditure – Exempted Incomes.

UNIT – II

Computation of Income from Salaries and Income from House Property.

UNIT – III

Computation of Profits and Gains of Business or Profession – Computation of Capital Gain - Computation of Income from other sources.

UNIT – IV

Set-off and Carry Forward of Losses – Deduction from Gross Total Income – Computation of Tax Liability.

UNIT – V

Income Tax Authorities – Procedure for Assessment – Tax Deducted at Source (TDS) – Assessment of Individuals, Hindu Undivided Family, Partnership Firms and Companies.



UNIT – I

CHOOSE THE CORRECT ANSWER

1. The basic objectives 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. Income tax is levied as a
 - (a) Direct tax
 - (b) Indirect tax
 - (c) Local tax
 - (d) Wealth tax
3. Income tax is levied by
 - (a) State government
 - (b) Central government
 - (c) Local authorities
 - (d) State and central government
4. Income tax is applicable to
 - (a) Whole of India
 - (b) Whole of India except the state of Jammu and Kashmir
 - (c) Whole of India except Sikkim
 - (d) None of these
5. Exempted incomes are defined under section:
 - (a) 15 of income tax act
 - (b) 18 of income tax act
 - (c) 10 of income tax act
 - (d) 20 of income tax act
6. Exempted incomes do not form part of total income of
 - (a) Individual assesses only
 - (b) HUF only
 - (c) Firm and company assesses only
 - (d) All assesses
7. The term previous year means:
 - (a) The accounting period of assessee
 - (b) Financial year before the assessment year
 - (c) Calendar year before the assessment year
 - (d) None of the above
8. The year in which tax on income is computed and determined is called
 - (a) Previous year
 - (b) Current year
 - (c) Assessment year
 - (d) Tax year

9. Residential status of taxable entities is
- (a) Fixed in nature
 - (b) Can change from year to year
 - (c) Fixed once in 5 years
 - (d) None of these
10. Which of the following is a capital receipt?
- (a) Commission received
 - (b) Salary received
 - (c) Profit from business
 - (d) Sale proceeds of buildings

Answers : 1. A 2. A 3. B 4. A 5. C 6. d 7. B 8. C 9. b 10. d

SHORT QUESTIONS (2 MARKS)

- 11. Define "income tax"
- 12. Define the term "assessee"
- 13. Who is called 'Representative Assessee'?
- 14. What is capital expenditure?
- 15. Write short notes on 'H.U.F'.
- 16. Define the following terms:
 - (a) Previous year; (b) person u/s 2(31)
- 17. What is residential status?
- 18. Who is an ordinary resident?
- 19. Explain the meaning of capital receipts and revenue receipts.
- 20. Write short notes on total income of a resident?

PARAGRAPH QUESTIONS (5 MARKS)

- 21. Explain the tax system prevalent in India.
- 22. Explain rules for residential status.
- 23. Explain the basis of charge of income – tax.
- 24. Define the term person under the income tax act 1961.
- 25. Determine the nature of following transactions for tax purposes:
 - (a) Compensation for requisition of business premises resulting in stoppage of assessee's business.
 - (b) Compensation on account of compulsory vacation of the premises. Due to disturbance and loss to the business, assessee had to shift his premises from one place to another.
 - (c) A company sold its business including goodwill for a certain sum. There was a further provision in the agreement under which company was not to carry on the same business for 10 years for annual consideration of Rs 20,000.
 - (d) Assessee owned a basement which was lying unused as it was dark and without ventilation. He spent Rs 35,000 on repairs and let- out that basement for an office.
- 26. Mr. Rajendran left for U.S.A. along with his family, for the first time, on 14-10-2018. He returned to India on 31-5-2019. Determine his residential status for the assessment year 2019 -2020.
- 27. Shri. Venkatesh, who was born and brought up in India, went to U.K. for further studies on 1st February 2017 and came back to India on 1st October 2018. Ascertain his residential status for the previous year 2018 – 2019.

28. On 1-6-2016 'B' a Malaysian citizen left India after a continuous stay of 10 years. During the financial year 2017-18, he came back to India and stayed for a period of 46 days and left. In the previous year 2018-2019, he came back to India on 10-10-2018 and stayed here thereafter for one year.

Determine 'B's residential status for the assessment year 2019-20

29. Mr. Rajan left for Singapore on 15-3-2016 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?

30. Mr. Prem, left India for the first time on 17th. 12.18 and returned back to India on 5thfeb. 2019. Identify his residential status for the A/Y 2018-19.

ESSAY TYPE QUESTIONS (10 MARKS)

31. Explain the concept of 'Income' and give its features.

32. Distinguish between 'Assessment year' and 'Previous year'.

33. Explain the basis of charge of Income-tax.

34. What do you mean by exempted income give 10 examples.

35. What are the different categories of assesses according to their residential status? How is this status determined?

36. Determine whether the following are capital or revenue items:

- (i) Remuneration received by a retired judge for acting as arbitrator under an agreement.
- (ii) Premium on issue of shares.
- (iii) 'Salami' for premature termination of lease.
- (iv) Amount paid to a director not resigning from directorship.
- (v) Profit mad from devaluation of Indian rupee,

37. Raj an India citizen leaves India for the first time in the last 20 years on 25-11-2016. During the calendar year 2017, he comes to India on 1st September and stays for a period of 20 days. During the calendar year 2018, he does not visit India at all but comes to India on January 15,2019 and stays on. Determine his residential status for the assessment year 2019-20.

38. Mr. X an Indian citizen and a businessman left India on 1-7-2018 on a business trip to Canada. In the past four years his stay in India was as follows:

Previous year 2017 -2018 : 1st August 2017 to 5th Feb. 2018.

Previous year 2016 – 2017 : 1st September 2016 to 10th March 2017.

Previous year 2015 – 2016 : 1st June 2015 to 31st Dec. 2015.

Previous year 2014 – 2015 : 1st May 2014 to 5th Dec. 2014.

He was never out of India prior to 2014 -15.

Determine the residential status of Mr. X for the Assessment year 2019-20.

39. Dr. Kannan employed in U.K. was deputed to British Hospital in India on 1st April 2015. On 2nd January 2016 he went to U.A.E. on 1st April 2017 he came back to India and left for Japan on 20th Oct. He came back to India and Joined his original post on 5th January 2019. Determine the residential status of Dr. Kannan for the Assessment years 2016-2017 to 2019-20.

40. Mr. Williams is German citizen. During the financial year 2018-19 he was in India for 120 days. Determine his residential status for the assessment year 2019-20 on the assumption that during the financial years 2008-09 to 2017 – 08 he was present in India as follows:

2008-2009	20 days
2009-2010	16 days
2010-2011	28 days
2011-2012	30 days
2012-2013	50 days
2013-2014	150 days
2014-2015	59 days
2015-2016	59 days
2016-2017	182 days
2017-2018	182 days

UNIT - II

CHOOSE THE CORRECT ANSWER

- In case of 'Tax free salary'
 - Tax is to be paid by employer
 - No tax is payable on such salary
 - Tax is to be paid by the employee at a future date
 - Government itself pays the tax
- Which of the following is an exempted salary?
 - Payment by employer in kind
 - Salary from former employer
 - Salary received by UNO employees
 - Leave salary
- Contribution into public provident fund (PPF) are repayable after
 - Five year
 - Ten year
 - Twenty year
 - Fifteen year
- Allowances received by a government employee posted abroad are
 - Fully exempted
 - Partly exempted
 - Fully taxable
 - Taxable by the country where posted
- House rent allowances is:
 - Fully exempted
 - Partly exempted
 - Fully taxable
 - Actual rent paid alone is taxable

6. Exempted limit of HRA in non -metropolitan city is
(a) 40% of salary
(b) 50% of salary
(c) 10% of salary
(d) 7.5% of salary
7. The basis of charge for Tax on income from house property is
(a) Annual value
(b) Rental value
(c) Municipal value
(d) Market value
8. Expected rental value of let-out house if standard rent is not applicable is :
(a) Least of MRV or FRV
(b) Higher of MRV or FRV
(c) Lower of FRV or Actual rent
(d) None of these
9. Standard deduction u/s 24 is
(a) $\frac{1}{4}$ of NAV
(b) $\frac{1}{5}$ of NAV
(c) 30% of NAV
(d) Rs. 10,000
10. Preconstruction interest is deductible in:
(a) 4 instalments
(b) 5 instalments
(c) 6 instalments
(d) 3 instalments

Answers: 1. A 2. C 3. D 4. A 5. B 6. A 7. A 8. B 9. C 10. B

SHORT QUESTIONS (2MARKS)

11. Define salary under the income tax act.
12. Write short notes on meaning of salary and dearness allowance.
13. What are tax free perquisites?
14. What is computed value of pension?
15. Write a short note on standard deduction?
16. What is meant by entertainment allowances?
17. Explain annual value.
18. How do you determine annual value of house property?
19. Write short notes on (a) unrealized rent (b) vacancy allowances.
20. Write a note on self -occupied property?

PARAGRAPH QUESTIONS (5MARKS)

21. What are the characteristic of salary?

22. Examine the tax treatment of allowances in the following cases for P.Y.2018-19.

(a) Mr. K. Kannan, receives the following allowances :

	Rs.
(i) Dearness Allowances (D.A)	1,000 p.m.
(ii) Medical allowance	500 p.m.
(iii) Transport allowance	2,000 p.m.

(b) SHIVA SHANKARAN, a Private Co., employee, receives the following allowances :

	Rs.
(i) Dearness Pay (D.P.)	5,000 p.m.
(ii) House Rent Allowance	1,000 p.m. (Living in own house)
(iii) City Compensatory Allowance	1,000 p.m.
(iv) Entertainment Allowance	500 p.m.

(c) Mr. Prakash an employee in a private company receives the following allowances:

	Rs.
(i) High cost of living allowance	500 p.m.
(ii) Lunch allowance	100 p.m.
(iii) Family allowance	150 p.m.
(iv) Marriage allowance	1,000 p.m.

23. Find the gross annual value in the following situations for the assessment year 2018-2019.

Particulars	Ajay	Vijay	Vinay	Raju	Ramu	Hari
Municipal value(a)	21	22	35	41	50	44
Fair rental value(b)	22	20	39	43	45	55
Standard rent(c)	NA	23	49	40	NA	47
Actual/annual rent(d)	17	28	47	42	60	41

24. Describe the condition to be satisfied in charging income tax on house property.

25. The following emoluments were received by Senthil during the previous year ending March 31, 2019 :

Basic Pay	Rs. 1,80,000
Special Allowance	Rs. 10,000
Entertainment Allowance	Rs. 12,000
Reimbursement of Medical expenses	Rs. 5,000

His employee has also provided a rent free furnished flat in Trichy (Population 15 Lakhs).

Fair rent of the unfurnished flat is	Rs. 60,000
Cost of furniture provided is	Rs. 12,000

Compute the value of Perquisite if :

- He is a secretary in the ministry of commerce and Rs. 6,000 is the license fees of unfurnished flat as per the Central Government Rules.
- He is an officer of the Indian Airlines.
- He is the managing director of a limited company.

26. X receives salary of Rs. 9,000 p.m. and D.A. of Rs. 5,000 p.m. His employer, a Private Company, declare 50% of D.A. to enter into pay for service benefits. Compute the total taxable allowances considering the following information :

	Rs.
(a) Lunch allowance	100 p.m.
(b) Family allowance	300 p.m.
(iii) Deputation allowance	40 p.m.
(iv) Medical allowance	500 p.m.
(v) Allowances for entertainment	1,000 p.m.
(vi) Wardenship allowance	600 p.m.
(vii) Non-practising allowance	880 p.m.
(viii) Additional D.A.	1,500 p.m.
(ix) City Compensatory allowance	150 p.m.

27. 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.
- Dearness allowance 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 P.F. balance @ 13% p.a. Rs. 3,900
- Professional tax paid Rs. 2,000
- Medical allowance received Rs. 500 p.m.
- Arrears of salary Rs. 13,200

28. X, a resident of Ajmer, receives Rs. 48,000 as basic salary during the previous year 2018 -19. In addition , he get Rs. 4,800 as dearness allowance forming part of basic salary, 7% commission on sales made by him (sale made by X during the relevant previous year Rs. 86,000) and Rs, 6,000 as house rent allowance. He, however, pays Rs. 5,800 as house rent. Determine the quantum of house rent allowance exempted from tax.

29. Find out the GAV:

	RS.
Municipal value	1,20,000
Fair rent	1,30,000
Standard rent	1,10,000
Actual rent	1,26,000

30. From the following details, find out the Gross Annual value for a house which is let out.

	RS.
Municipal value	1,05,000
Fair rent	1,07,000
Standard rent under rent control act	Nil
Actual rent received	1,02,000
Vacancy period	One month
Unrealized rent	Nil

ESSAY TYPE QUESTIONS (10 MARKS)

31. Compute the taxable portion of allowances from the information furnished by Mr. Hari Haran for the A.Y. 2019 - 20.

(a) Travelling allowance (Expenditure Rs. 750 p.m.)	1,500 per month.
(b) Helper allowance (Expenditure Rs. 1,350 p.m.)	1,200 per month.
(c) Triple area allowance	2,400 per month.
(d) Education allowances (per child) (For 3 children)	300 per month.
(e) Hostel exp. Allowance (per child) (For 3 children)	2,500 per month.
(Actual expenditure Rs. 2,500 p.m. per child)	
(f) Transport allowance (exp. Rs. 1,5000p.m)	19,000 per month.
(g) Conveyance allowance (50% personal)	1,500 per month.
(h) Dog allowance	1,000 per month.

32. Smitha is an employee of a partnership firm. She submits the following information:
 Basic salary Rs. 30,000 per month. Dearness allowance: Rs. 8,000 per month (1/4 of which is part of salary for retirement benefits) Employer's contribution to provident fund Rs. 4,000 per month. (Smitha makes an equal contribution) Interest credited at the rate of 15 per cent: Rs. 30,000. Commission received by her on turnover, Rs. 10,000. Fixed commission per month Rs. 3,000. Bonus Rs. 5,000. Children hostel expenditure allowance received for 3 of her children Rs. 15,000.
 Find out the gross income of Smitha if the provident fund is (i) Statutory provident fund (ii) Recognised provident fund (iii) Unrecognised provident fund.

33. Determine the taxable salary from the following details furnished by Mr. Radha, if she is a
 (i) Director of the employer company or
 (ii) She holds 25% of shares in the employer company or
 (iii) She is neither a director nor she holds any shares in the company.

Basic salary	45,600
Dearness allowance	2,000
Entertainment allowance	1,000
City compensatory allowance	2,000
Club bill paid by employer	2,000
Children education allowance	3,000
Hostel expenditure allowance:	
Two of her children reside in hostel	6,000
Cook engaged by Radha, salary paid by employer	3,000
Employer's contribution to RPF	8,000
Interest credited to accumulated fund balance at 12%	24,000
Professional tax paid by employee	1,200
Chauffeur driven car of above 1.6 Ltr. provided for private and official purpose. (Expenses met by employer)	
Gardener, Watchman, and sweeper are provided at Rs. 500 p.m. as salary to each of them.	

34. R, the Director of G Ltd. Retired on 31 st Dec 2018, after 30 years of service. The particulars of his income are as follows:

- (i) Salary:Rs.8,000 per month from 1-1-2018;HRA Rs.3,000 p.m. from 1-1-2018. D.A Rs.10,000 per month.
- (ii) Medical expenses reimbursed by employer Rs.21,000 which includes Rs.5,000 paid to government hospital.
- (iii) The employer provides him a car of more than 1.6 Ltr. Engine capacity for official and personal use along with a driver. Expenses are met by employer.
- (iv) R, contributes 22% (12% regular and 10% additional voluntary contribution) to a RPF and the company matches his regular contribution of 12%
- (v) R has invested Rs.20,000 in ULIP scheme of UTI and Rs.10,000 in PPF. He paid Rs.8,000 towards LIC on policy for a sum assured Rs. 60,000.
- (vi) He lives in a rented house at Delhi and pays Rs.4, 000 p.m. as rent employer has paid Rs.3,000 p.m. as HRA.
- (vii) R received RS. 1,50,000 as gratuity. He is not covered by gratuity act.
- (viii) He received Rs 1,60,000 for encashment of leave, being 16 months leave not availed of.

Compute R income for AY:2018-2019. Compute also QA for deduction U/S 80C.

35. For the assessment year 2019-20 'X' submits the following information:

Income from business (speculative):Rs. 40,000.

Property	House 1 Rs.	House 2 Rs.
FRV	3,60,000	-
Municipal valuation	3,50,000	8,00,000
Annual rent	3,80,000	6,80,000
Standard rent	3,40,000	8,50,000
Municipal taxes paid by tenant	3,000	4,000
Municipal taxes paid by X	20,000	40,000
Repairs paid by tenant	500	18,000
Land revenue paid	2,000	16,000
Insurance premium paid	500	2000
Un realized rent of the previous year 2016-2017	-	50,000
Interest on loan borrowed for payments of municipal tax for house property	-	1,20,000
Nature of occupation	Let out for residence	Let out for business
Date of completion of construction	April 1,2014	July 1, 1999

Rs.5,00,000 is borrowed to construct the house 1 on 1-7-12 and the loan was repaid on 1-1-2014.rate of interest is 12%

Rs.6,00,000 is borrowed to construct 2 nd house on 1-1-98 and the loan is still due. Rate of interest is 12%

Determine the taxable income of 'X' for the assessment year 2019-20

36. Janab Rasool borrowed a sum of Rs. 20,00,000 @ 15% p.a. on 1-4-2016 for construction of a house. The construction was completed on 20-3-2018. What would be amount of interest allowable in computing the income from house property for PY 2018 -19 if the house is:

1. Self-occupied from 20-3-2018
2. Let out from 20-3-2018
3. Deemed to be let?

37. Mr. 'B' has let out a house property for a monthly rent of Rs.20,000. Its municipal valuation is Rs.2,50,000 p.a. Its fair rental value is Rs. 2,40,000 p.a. Its has been let out from 1-10-91. Mr. B paid Rs.10,000 as municipal taxes. Municipal taxes paid by tenant are Rs.5,000. Rs.3,000 Municipal taxes are due but not paid out of Rs.10,000 paid by B Rs.2,000 related to subsequent two years. Find out the net annual value of the house property for the AY : 2019-20.

38. From the particulars given below compute income from house property for the assessment year 2019-20

Date of completion	1-11-92
Municipal rental value	Rs.36,000
Fair Rental value	Rs. 30,000
Self-occupied	2/3 portion
Let out	1/3 portion, from 1-4-2018 to 31-8-2018 at Rs.1,000 p.m. and self –occupied from 1-9-2018 onwards.
Municipal taxes	Rs. 3,000 p.a
Fire insurance premium	Rs.2,400 p.a
Ground rent	Rs.4,200 p.a
Interest on loan	Rs7,500 p.a

39. Mr .M is a production manager at Chennai. The particulars of his salary income are as under:

Basic salary Rs15000p.m, Dearness allowances 5000 p. m, Entertainment allowances 1000 p.m, medical allowance 500 p .m, House rent allowances 4000 p. m ,Rent paid for the house 5000 p. m

Car of 1.2 it capacity provided by employer for private and official use. Employer meet expenses of car.

He and his employer (each) contributes 15% of R.P.F. Mr.M had taken interest free loan of Rs. 15000 to purchase refrigerator. Compute income under head salary.

40. Compute income from house property from the particulars given below:

Rs

Municipal rental value	24000 p.a
Actual rent received	30000p.a
Municipal tax	2400 p.a
Date of completion	31.3.2018
Date of letting	1.4.2018
Fire insurance premium (due)	400p.a
Ground rent (due)	600p.a
Interest on loan (for house construction) 2005-2006 to 2010-2011 @ Rs. 15,000 p.a.	
2011-12	Rs.10000

UNIT – III

CHOOSE THE CORRECT ANSWER

1. Contribution made to an approved scientific research association is eligible for deduction up to
 - (a) 50%
 - (b) 80%
 - (c) 100%
 - (d) 150%
2. Any expenditure incurred on the purchases of patent rights is allowed as deduction in equal installment over a period of
 - (a) 10 years
 - (b) 14 years
 - (c) 5 years
 - (d) It qualifies for depreciation
3. Technical know-how acquired after 1.4.98 is eligible for depreciation at
 - (a) 10% p.a.
 - (b) 20% p.a.
 - (c) 25% p.a.
 - (d) 40% p.a.
4. 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
5. Land held for 56 month is
 - (a) Short term capital asset
 - (b) Long term capital asset
 - (c) Exempted capital asset
 - (d) None of these
6. Transfer of capital assets is defined under I.T Act 1961
 - (a) Section 1 (32)
 - (b) 9(26)
 - (c) 26(3)
 - (d) 2(47)
7. Unlisted shares held for 15 months are
 - (a) Long term capital assets
 - (b) Short term capital assets
 - (c) Exempted capital assets
 - (d) None of the above
8. 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

9. Dividends from co-operative society are
 (a) Exempted
 (b) Fully Taxable
 (c) Taxable
 (d) None of these
10. Rate of T.D.S. for listed securities is
 (a) 10%
 (b) 15.3%
 (c) 20.3%
 (d) 30.3%

Answers: 1. D 2. B 3. C 4. B 5. B 6. D 7. B 8. A 9. B 10. A

SHORT QUESTIONS (2MARKS)

11. Write a note on method of accounting in business.
 12. Define clearly the term 'Business'.
 13. Define clearly the term 'profession'.
 14. State any four inadmissible expenses.
 15. What are 'capital assets'? What are its kinds?
 16. What do you mean by self-generated assets?
 17. What is not included in capital assets?
 18. What is casual income?
 19. Write short note on 'tax free securities'.
 20. What is meant by dividend?

PARAGRAPH QUESTIONS (5MARKS)

21. Discuss the procedure for computing business income.
 22. Explain Classify capital assets.
 23. Give the examples of "income from other sources".
 24. Dr. Satish is medical practitioner. He gives you the following summary of cash book for the year ending 31-3-2019:

To Balance	10,000	By Rent of clinic	18,000
To Consultation fee	60,000	By Purchase of medicine	38,000
To Visiting fees	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 House hold expenses	7,000
To Interest from National Defence bonds	6,000	By Closing stock	2,000
	2,77,000		2,77,000

Other Information:

- (i) 50 % of the motor car expense incurred in connection with profession. Car was purchased in Dec 2018
 (ii) House hold expenses include Rs.6,800 for life insurance premium.
 (iii) Gift and presents include Rs3,000 from relatives.
 (iv) Closing stock of medicine Rs.12,000 and on 1-4-2018 opening stock was Rs.4,000.
 Compute his professional gain on the assessment year 2019-20.

25. The following is the profit and loss account of Mr. Roy for the year:

Particulars	Rs.	Particular	Rs.
To rates and taxes	450	By gross profit	14,623
To establishment (staff)	1,750	By bank interest on personal deposit	577
To rent	600		
To household expenses	1,450		
To discount	250		
To advertisement	200		
To income tax	480		
To postage and stationary	810		
To fire insurance	150		
To gift and present	160		
To charity and donation	1,140		
To Purchase of Plant & Machinery (not yet installed)	1,500		
To repair of furniture	50		
To interest on loan	1,000		
To life insurance premium	600		
To reserve for doubt debts	700		
To interest on capital	250		
To net profit	3,660		
	15,200		15,200

Certain you are required to business income of Mr. Roy.

26. The following information is furnished by small scale industrial undertaking:

W.D.V of plant and machinery on 1-4-2018	7,00,000
Additions made during the year on 1-7-2018	60,000
Additional made on 1-2-2019	50,000
On 1-3-2019 an item of machinery was sold for Rs. 40,000. The W.D.V of this item on 1-4-2018 was Rs. 15,000: cost of the item was Rs. 30,000	
Compute depreciation and W.D.v for AY 2019-2020	

27. Mr. F purchase on may 10,2018, 1,000 preference shares of Rs.10 each in A. Ltd., @ Rs.55.55 (Unlisted). On October 20,2018, he transfers 800 shares @ Rs.37 per share and remaining 200 shares are transferred on December 20,2018 at Rs.20 per share. A. Ltd., declares 50 percent dividend (record date August 3, 2018) during the P/Y 2018-19 he has generated long term capital gain of Rs. 76,000 on sale of gold. Compute the taxable capital gain.

28. Mr. Balaji furnishes the following details; compute his income for the assessment year 2019-2020.

S. No	Nature of capital assets	Date of acquisition	Date of sale	Cost Rs.	FMV on 1-4-2001	Sale value Rs.
1	Share of A co. (un listed)	1-7-2000	1-10-18	10,000	-	2,00,000
2	Share of B co. (listed)	1-5-2010	1-11-18	20,000	-	40,000
3	Debenture of A co.	1-8-2000	1-9-18	30,000	60,000	50,000
4	Debenture of Q co.	1-10-2002	1-1-19	4,00,000	-	5,00,000
5	House property	1-1-72	1-2-19	30,000	10,00,000	1,40,00,000
6	Plot of land	1-1-2008	1-3-19	10,00,000	-	40,00,000
7	Jewellery	1-8-2010	4-2-19	40,000	-	50,000

Cost inflation index for 2001-02=100; for 2002-2003=105; for 2007-2008=129; for 2010-11=167; for 2018-19 is 280. STT is not paid at the time of acquisition of listed shares.

29. Compute the income from other sources of Mr. Joseph from the following information in relation to his various investments for the previous year 2018-19.

1. He holds Rs. 5,00,000.10% securities of government of india, purchased on 1-4-2018.
2. Rs. 1,00,000 12% debentures of a ltd Co., purchased on 1-10-2018.
3. Rs. 1,00,000 12% debentures of a paper mill company purchased on 30-6-2018 which were sold on 1-12-2018.
4. Rs. 2,00,000 10% securities of a Ltd company purchased on 1-6-2018, which were sold on 1-3-2019.

Interest on all the above securities is payable on 1 st July and 1 st January.

30. Sri Mukundan furnishes the following particulars of his income for the previous year 2018-19. Compute his total income:

Sri Mukundan purchases Diamonds for Rs. 8 lacs (fair market value:Rs. 8.5 lacs) he further purchases an art work for Rs9 lakh (fair market value Rs.9.5 lakh).

1. Dividend on equity share (Gross)	600
2. Dividend on preference share (net)	3,580
3. Income from letting on hire of building and machinery – composite lease	17,000
4. Interest on bank deposits	2,500
5. Director's sitting fees	1,200
6. Ground rent	600
7. Income from undisclosed sources	10,000
8. Income from lotteries	10,000

9. Mukundan owned a land at Chennai. It was acquired by the government in 2013-2014. A long with compensation Rs. 1,40,000 is payable by govt. for late payment of compensation . the interest is received during 2018-2019.

The following deductions are claimed by him:

Collection charges of dividend Rs.20.

Allowable deprecation on building and machinery Rs.4,000.

Insurance on building and machinery Rs. 100.

ESSAY TYPE QUESTIONS (10MARKS)

31. What is cost of acquisition? How would you determine cost of acquisition?
32. What are the rules regarding the claim of deduction of depreciation?
33. What are the rules regarding taxation of dividend?
34. The books of manufacturing concern disclose the following information:

Profit and loss A/C

To opening stock	3,38,000	By sales	8,70,000
To purchases	3,29,000	By Miscellaneous income	2,490
To store consumed	21,800	By Closing stock	1,29,000
To power & fuel	7,680		
To rate and taxes	430		
To repairs to machinery	9,070		
To repair to building	1,680		
To Misc.expenses	15,860		
To salary & wages	95,500		
To contribution to RPF	6,200		
To staff welfare expenses	1,020		
To bonus	4,400		
To insurance	2,500		
To commission to agents	43,500		
To selling expenses	780		
To audit fees	980		
To bad debts	2,100		
To licence fee	1,090		
To interest	26,500		
To provision for taxation	22,000		
To depreciation	40,000		
To net profit	30,500		
	10,01,490		10,01,490

1. Misc. expenses include:
 - a. Penalty for violation of foreign exchange regulations Rs 1,200.
 - b. Expenses to defend a criminal case against managing director Rs. 3,000
 - c. Donations to P.M Drought Relief fund Rs. 2,000.
 - d. Wealth tax paid Rs.3,000
 - e. Donations to Mr. singh Rs. 5,000.
 2. Bad debts include a sum of Rs.500 for advances to suppliers of raw materials with whom assessee had exclusive arrangements for purchase of such materials.
 3. Misc- incomes include refund of advance income –tax Rs. 400
 4. Allowable depreciation Rs. 36,000
Compute business income.
35. Mr. P owned two motor car which were mainly used for business purposes. The WDV on April 1, 2018 of these cars is Rs. 181000. The block of assets comprising of only these two cars was sold in June 2018 for Rs. 150000 .
In Sep 2018 ,he sold 100 shares in x Ltd (unlisted)an Indian co. for Rs30,00,000.he had purchased the same during march ,2005 for Rs3,10,000.
A house purchased in march , 2011 for Rs.300000 was sold by him for Rs.9,35,000 on January 18, 2019. (CII2010-11;167 ,2004-05:113,2018-19:280) calculated capital gain.

36. From the following particular compute the Total Income of Shri. Manoj for the A.Y. 2019-2020 :

S.No.	Particulars	Rs.
1	Sales price of Jewelry in October 2018 (CII - 280)	75,00,000
2	Cost of Acquisition in 2005-06 (CII - 117)	3,00,000
3	Amount deposit in Capital Gain deposit scheme for completing the construction of the house (deposit on 27.6.2019)	12,00,000

Compute deemed capital gain if he is able to invest Rs. 10,00,000 out of amount deposited in capital gain deposit scheme before October 2021.

37. Mr. X purchases a house property for Rs.26,000 on 10th may 1962. He gets the first floor of the house constructed in 1967 -68 by spending Rs. 40,000. He dies on 12thSeptember 2003. The property is transferred to Mrs.X by his will. Mrs. X spends Rs. 80,000 and Rs.26,700 during 2006 -07 and 2008 – 09 respectively for reconstruction of the property. Mr. X sells the house property for Rs.95,00,000 on 15 th march 2019 (Brokerage paid by Mrs. X is Rs. 41,500). The fair market value of house on 1stapril, 2001 is Rs, 4,60,000. CII for 2006 -07 Rs. 122 for 2008 – 09 is 137 for 2017 -18 Rs. 280 for 2001 -02 Rs.100 for 2003 -04 is Rs. 109.for 2018-2019:280.
38. Shri. Singh is practicing as a chartered accountant in Delhi. He deposits all receipts in his bank account and pays all expenses by cheque. Following is the analysis of his bank account for the year ending.31-3-2019. Compute his income from profession:

Receipts:	Rs.
Consultation	4,00,000
Audit fees	90,000
Appellate tribunal appearance	50,000
Present from clients	20,000
Interest on govt. securities	60,000
Rent received from house	70,000
Loan from client	1,00,000
Miscellaneous receipts	7,000
Payments:	
Computer purchased	50,000
Stipend to articled clerks	24,000
Office expenses	30,000
Office rent	15,000
Salaries and wages	18,000
Printing and stationery	5,000
Subscription to C.A institute	800
Purchase for book for professional use(annual publication)	10,000
Travelling expenses	12,000
Interest on loan	15,000
Donation to NDF	20,000

Additional information:

1. Travelling expenses are incurred for profession.
2. Computer is purchased on 1-8-18 and used for office purpose.
3. 50% of the books were purchased in august 2018.
4. ½ of travelling expenses are disallowed.
5. ½ of the loan from client is used for personal purpose.

39. From the following particulars of Mr.Edward for the previous year ended 31 st March, 2019, Compute his total income for the assessment year 2019-2020.

He received:

	Rs.
1. Director's fee from a company	10,000
2. Interest on bank deposits	3,000
3. Income from undisclosed sources	12,000
4. Winning from lotteries(net)	82,200
5. Royalty on a book written by him	8,000
6. By giving lecturers functions	5,000
7. Interest on loan given to a relatives	7,000
8. Interest on tax free debentures of a company (listed in recognized stock exchange) Net	3,560
9. Dividend on shares	6,400
10. Interest on post office savings bank account	500
11. Interest on government securities	2,200
12. A sum of Rs. 26,000 is received as gift on 1-8-18 from a friend.	
13. A sum of Rs.50,000 is recived as gift on 1-10-18 from his sister.	

He paid Rs.20 for collection of didend and Rs. 1,000 for typing the manuscript of book written by him.

Mr. Edward has following other information:

1. House property 'A' purchased for rs 6 lakh (stamp duty value:Rs. 6.5 lakh)
2. Plot of land purchased for rs 7 lakh (stamp duty value Rs.9 lakh)

40. Compute income from other sources of Miss. Anu from the following details furnished:

1. She hold Rs. 50,00, 10% tax free government securities.
2. She received Rs. 10,000 interest on Tamilnadu state government securities.
3. She hold 1,00,000 ,10% tax free debenture of P&R co., Ltd. (listed).
4. Rs. 12,000 interest was received by her on Tax free securities of a Ltd. Company.
5. Rs. 60,000,15% debentures are held by her in a Ltd Co.
6. Rs. 8,000 interest was received by her on securities of a paper mill company.(Listed).



UNIT- IV

CHOOSE THE CORRECT ANSWER

1. Setting off long term capital loss against long term capital gains is called
 - (a) Intra-head set-off
 - (b) Inter-head set-off
 - (c) Overall set off
 - (d) None of these
2. Loss under the head house property cannot be set-off against
 - (a) Salary income
 - (b) Business income
 - (c) Capital gain
 - (d) Casual income
3. Business loss cannot be set-off against
 - (a) House property income
 - (b) Business income
 - (c) Capital gain
 - (d) Salary income
4. Loss from long term capital asset can be set-off against
 - (a) STCG
 - (b) Business income
 - (c) LTCG
 - (d) Salary income
5. Casual loss can be set-off against
 - (a) Casual income
 - (b) LTCG
 - (c) Income from other source
 - (d) None of these
6. Deduction u/s 80CCC is in respect of
 - (a) Mediciam insurance
 - (b) Pension fund premium
 - (c) LIC premium
 - (d) NSS
7. Maximum deduction u/s 80DD shall be
 - (a) Rs.10,000
 - (b) RS.20,000
 - (c) RS.30,000
 - (d) RS.75,000 or RS.1,25,000
8. Deduction u/s 80DDB is in respect of
 - (a) Maintenance of handicapped dependent
 - (b) Treatment of specified diseases
 - (c) Contribution to pension fund
 - (d) Contribution to RPF

9. Deduction u/s 80DD is in respect of:
 (a) Medically handicapped dependent
 (b) Treatment of a specified disease
 (c) Contribution to PPF
 (d) LIC premium paid
10. Donation to NDF is allowed as deduction at the rate of
 (a) 100%
 (b) 50%
 (c) 10%
 (d) Nil

Answers : 1. A 2. D 3. D 4. C 5. D 6. D 7. D 8. B 9. A 10. A

SHORT QUESTION (2 MARKS)

11. Define the term gross total income.
12. What is inter source adjustment?
13. Explain deduction u/s 80E.
14. What are the provision regarding set-off of house property loss?
15. Explain the provisions regarding the deduction u/s 80 GG.
16. Explain deduction U/S 80C
17. Give any two reduction from Gross Total Income.
18. How are speculation losses set off?
19. How is gambling losses set off?
20. Write a short note on set-off of business loss.

PARAGRAPH QUESTIONS (5 MARKS)

21. What do you understand by set- off losses and inter source adjustment?
22. Explain the provision relating to set- off losses.
23. Mrs. Hema furnishes the following particulars of her income for the assessment year 2019-2020:

Salary from aristocracy private Ltd., (computed)	50,000
Dividends on TISCO shares(gross)	1,500
Interest on securities(gross)	7,500
Interest on fixed deposit in SBI	3,200
Profit from agency business	10,000
Loss from speculation in shares	20,000
Profit from speculation in silver	9,000
Loss from short term capital assets	5,000
First prize from Kerala state lottery	1,00,000
Gain from playing bridge in the club	5,500
Gain from playing rummy in the office	1,000
Loss in flash(card game) with friends	7,000
Maharashtra state lottery tickets bought	10,000
Loss in race course on betting	20,000
Expenditure in maintaining race horse	40,000
Stake money received in respect of the horses	90,000

You are required to compute the gross total income for the relevant assessment year.

24. From the following particulars of income of assesses A,B and C, how the capital losses shall be set-off and carried forward for the previous year ending on 31 st March 2019:

(A) 1. Business income	15,000
2.Short term capital loss	1,200
3.long term capital gain (shares)	7,200
(B) 1.Business income	30,000
2.Short term capital loss	40,000
(C) 1.Business income	60,000
2.Short term capital gain	20,000
3.Long term capital gain on land	17,000
4.Carry forward loss (short term capital loss)	50,000

25. What are the provision of income act u/s 80DD relating to deduction for expenditure on medical treatment etc., for handicapped depended?

26. The particulars of assessment years 2018-2019 and 2019-2020 are as under:

	2018-19 Rs.	2019-20 Rs.
Income from house property (computed)	(+)8,000	(+)8,000
Profit and gain from business or profession:		
(A) Manufacturing business:		
Trading profit or loss before depreciation	(-)15,000	(+)36,000
Depreciation	32,000	23,000
(B) Speculative transactions	(+)6,000	(-)8,000
Income from other sources	(+)5,000	(+)6,000
Capital gain:		
Short term loss/gain	(-)8,000	50,000
LTCG/L	9,000	(-)80,000

Compute the total income for each assessment year.

27. Total income of Shri Rahul, resident of india, for the previous year 2018-2019, inclusive of long term capital gain of Rs.1,50,000 is Rs.3,60,000.

(a) Compute the tax liability for the assessment year 2019-20

(b) What shall be the tax liability if income is Rs.3,10,000 inclusive of STCG on sale of shares (listed shares subject to STT)Rs.1,90,000.

28. Compute tax liability in following cases for the AY 2019-20.

	An individual other than senior citizen	A senior citizen	A super senior citizen
Total income	Mrs.A/Mr. A	Mr. B	Mr. c
	Rs.	Rs.	Rs.
Case I	2,44,875	2,98,600	4,60,672
Case II	5,43,649	5,43,649	5,43,649

29. The following are particulars of income of Mr. R for the previous year ended 31 st march 2019.

Dividend	30,000
Loss from house property	32,000
Interest from bank deposit	10,000
Business income	50,000
Loss in speculation business	3,000
Short term capital loss	10,000
Long term capital gain	15,000

Compute the gross total income of Mr. R after setting of the different losses against other incomes.

30. Srivatsan has earned gross total income of Rs.8,00,000 in the previous year 2018 -19 and made the following donations during the year:

- Rs.60,000 to chief minister's earthquake Relief fund, Gujarat.
- Rs.30,000 to national foundation for communal harmony.
- Rs.38,000 to a university (of national eminence)
- Rs.41,000 to jawarharlal Nehru memorial fund.
- Rs.35,000 to Government of India for promotion of family planning.
- Rs.70,000 to state government.
- Rs.45,000 to municipal committee.
- Mediclaim premium paid by cheque to GIC Rs.10,000

Compute his total income for the assessment year 2019-20 if his income includes Rs.50,000 being long term capital gain, and Rs.70,000 as his share from AOP. He has incurred Rs.5,000 for medical treatment of his handicapped brother. He has incurred Rs.70,000 for treatment of his mother for a notified disease. He has paid Rs.10,000 to LIC for pension fund.

ESSAY TYPE QUESTIONS (10 MARKS)

31. Mr. Rampatel submitted the following information of his income and losses for the year ending 31-3-2019. Calculate his Total Income

(i) Salary income (computed)	50,000
(ii) Income from house property	
House A (income)	30,000
House B (loss)	40,000
House C (self- occupied)loss	28,000
(iii) Income from business:	
Cloth business (profit)	10,000
Hardware business (loss)	50,000
Speculation(profit)	12,000
Speculation (loss)	17,000
(iv) Capital gain :	
Short term (gain)	24,000
Short -term (loss)	8,000
Long term(loss)	18,000
(v) Other sources:	
Income from betting	12,000
Loss from card games	6,000
Income from card games	9,000
Interest on securities(gross)	8,000

32. Mr. Mallan who is totally handicapped provides you the following information. Compute the taxable income for the assessment year 2019-20.

Salary (per annum)	1,30,000
Interest on bank saving account	15,000
Interest on Govt. securities	4,000
Long term capital gain	40,000
Short term capital gain	10,000
Winning from lotteries(gross)	20,000
Deposit in PPF	40,000
NSC (viii) purchased during the year	20,000

33. Explain in detail regarding the reduction available to an assessee U/S 80CCC, 80D and 80DDD.

34. What are the loss which could be carry forward and set-off?

35. Computation tax liability in following cases for the ay 2019-20.

	An individual other than senior citizen	A senior citizen	A super senior citizen
Total income	Mrs.A/Mr.R	Mr. S	Mr. T
	Rs.	Rs.	Rs.
Case I	2,33,000	2,33,000	2,33,000
Case II	5,40,000	5,40,000	5,40,000
Case III	12,00,500	12,00,500	12,00,500

36. Shri. Manikandan has made the following payments in the PY: 2018 -19.

- (I) Rs.10,000 paid by cheque to GIC for insuring his own health.
- (II) Rs.15,000 paid by cheque to GIC to insure health of Mrs. Manikandan.
- (III) Rs.5,000 paid by cash to GIC to insure the health of Manikandan's minor child.
- (IV) Rs.4,000 paid by cheque to GIC to insure the health of dependent brother.
- (V) Rs.18,000 paid by cheque to GIC to insure the health of dependent mother.
- (VI) Rs.8,000 paid by cheque to GIC to insure the health of father (Not dependent on him) (age 65 years).
- (VII) Rs.1,200 paid by cheque to GIC to insure the health of grandfather. (dependent upon him).
- (VIII) Rs.4,500 paid by cheque to GIC for insuring health of his Minor son, not dependent upon him. Preventive health check-up of assessee: Rs.6,000.
- (IX) Shri. Manikandan also paid Rs. 15,000 towards pension fund of LIC.
- (X) Manikandan's salary income per month is Rs.12,000. Rent received from letout property is Rs.6,000 p.m. Municipal taxes paid Rs.2,000. His share of income received from HUF Rs.60,000.

Compute the Taxable income of shri. Manikandan for the AY: 2019-20.

37. Shri. Ashok is a Central Government employee in the ministry of finance (date of joining, February 10, 2010). During the previous year 2018-19, his basic salary is Rs. 12,000 per month. Dearness allowance considered for service benefit is Rs.2,000 per month. He contributes 10 percent of his salary towards notified pension scheme. A matching contribution is made by the central government. Compute the taxable income of Mr. Ashok has also contributed another 60,000 towards notified pension scheme.

38. Mr. Kothandam, a resident individual submits the following details for the previous year 2018 -19:

	RS.
1. Contribution towards pension fund of LIC	35,000
2. Medical expenditure on the health of his father of 80 years	40,000
3. Medical treatment of dependent handicapped brother.	15,000
4. Deposit with UTI for the maintenance of the dependent handicapped brother.	40,000

Salary income of the assessee is RS. 1,70,000 p.a.

Professional tax paid Rs.1,200.

Find out the deduction eligible u/s 80C to 80U. What is the amount of deduction eligible u/s. 80DD if his brother is of 60 years age?

39. Shri .sudhir an individual submit the following information relevant for the AY: 2019-20.

Particulars	Profit Rs.	Loss Rs.
salary income (computed)	84,000	
income from house property (computed):		
House X	30,000	
House Y		34,000
House Z		42,000
profit and gains of business of prof.:		
Business A	16,000	
Business B		20,000
Business C (speculation)	22,000	
Business D (speculation)		46,000
capital gain:		
STCG	12,000	
STCL		56,000
LTCG	25,000	
income from other sources:		
income from card game	38,000	
income from betting	30,000	
Loss from card game		14,020
loss on maintenance of race horses		12,000
interest on securities	8,000	

Compute the gross total income of sudhir for the AY: 2019 -20.

40. Shri . John a resident individual, provides the following information relevant to the previous year ending march 31, 2019:

	Rs.
1. Income from salary (computed)	72,000
2. Income from house property (computed)	
House I	24,000
House II	-60,000
House III (self-occupied)	-20,000

3. Profits and gains of business or profession	
Business I	25,000
Business II	-20,000
Business III (speculation)	40,000
Business IV (speculation)	-75,000
4. Capital gains:	
STCL	-13,000
LTCG	7,000
5. Income from other sources (computed)	
Income from securities	-20,000
Bank interest	10,000
Income from card games	30,000
Income from betting	30,000
Loss from gambling	-60,000
Income on maintenance of race horses:	
At Chennai	-40,000
At Bangalore (stake money received)	30,000

Determine the gross total income for the AY: 2019 -20.

Unit – V

CHOOSE THE CORRECT ANSWER

- Deduction u/s 80U is allowed to
 - All assesses
 - Handicapped assessee
 - Member of HUF
 - None of these
- Maximum deduction in respect of royalty income of authors of literary, artistic or scientific nature is
 - RS.3,00,000
 - RS.2,00,000
 - RS.1,00,000
 - RS.40,000
- Donation to Rajiv Gandhi Memorial fund is allowed as deduction at the rate of
 - 10%
 - 50%
 - 100%
 - 25%
- Deductions from G.T.I. are available when
 - GTI is a positive figure only
 - Even when G.T.I. is negative
 - When G.T.I. is 'Nil'
 - In all the above cases.
- Deductions from G.T.I.in respect of certain payments is available under
 - Sections 60 to 65
 - Sections 80C to 80GGC
 - Sections 90B to 90G
 - Sections 98A to 98H

6. Amount paid as secret commission to employees of buyer of assesses goods is a
(a) Revenue expenditure
(b) Capital expenditure
(c) Illegal expenditure
(d) Personal expenditure
7. The only loss allowed to be carried forward among income from other sources is
(a) Loss from card game
(b) Loss due to lotteries
(c) Loss from crossword puzzles
(d) Loss on account of owning and maintaining race horse
8. Surcharge is chargeable rate of----- percentage of income tax if total income exceeds Rs.1 crores
(a) 10%
(b) 15%
(c) 20%
(d) 18%
9. Surcharge is -----percentage if income exceeds Rs.50 lakhs but does not exceed Rs.1 crores.
(a) 10%
(b) 15%
(c) 20%
(d) 18%
10. Rate of T.D.S. for unlisted securities is
(a) 10%
(b) 15.6%
(c) 10.6%
(d) 30.6%

Answers : 1. B 2. A 3. B 4. A 5. B 6. D 7. D 8. B 9. A 10. C

SHORT QUESTIONS (2 MARKS)

11. What do you mean by a securities?
12. Short notes on rebate u/s 87A.
13. How would you determine the net income of an individual?
14. Where the income of AOP or BOI his chargeable at minimum marginal rate?
15. Which percentage less the health and education surcharges?
16. Write a note on deduction u/s 80C of the income tax act 1961?
17. Enumerate any three saving that qualify for deduction u/s 80C.
18. What is the special rate of tax applicable to individual?
19. What is the special rate of tax applicable to senior citizen?
20. What is the special rate of tax applicable to super senior citizen?

PARAGRAPH QUESTIONS (5 MARKS)

21. Explain the saving that qualify for deduction u/s 80C.
22. What are the provision relating to rate of tax applicable to women assessee?
23. How do you ascertain tax liabilities of an individual assessee?

24. Ashwani company Pvt.furnish the following information:

Interest on securities (computed)	15,000
Income from house property(computed)	20,000
(a) Textile manufacturing:	
Profit as per P&L A/C before depreciation	2,00,000
Depreciation	95,000
(b) Hosiery manufacturing:	
Profit as per P&L A/C before depreciation	75,000
Depreciation	18,000
Agency business loss b/f from 2017-18	15,000
Income from other sources	25,000
Book profit u/s 115 JB	7,00,000

Compute the total income and tax liability under MAT for the assessment year 2019-2020.

25. Compute tax liability of Mr. Sundar in the following cases:

Taxable total income of an individual is Rs.1,50,000.

Taxable total income of an individual is Rs.8,50,000.

Taxable total income of an individual is Rs.1,30,00,000.

26. Gross total income of Mr. Kaif is Rs.7,00,000

Investment/contribution for deduction u/s 80C:

Contribution to LIC pension fund Rs.90,000

Contribution to public provident fund Rs.50,000

Compute the tax liability.

27. For the accounting year ended 31st march 2019 Mr Shashi kant furnishes the following particulars of his income.

(i) Salary received in India	Rs. 60,000
(ii) Profit from business in Germany but received in India	Rs. 15,000
(iii) Income from house property in Pakistan deposited in bank there	Rs. 12,000
(iv) Profit from business established in Bangladesh but business is controlled from India	Rs. 46,000
(v) Income accrued in India but received in Sweden	Rs. 25,000
(vi) In this accounting year Mr.shashikant has brought into India foreign income of earlier year	Rs. 42,700
(vii) Profit from sale of plant at Mumbai (50%received in Bangkok)	Rs. 1,60,000
(viii) Interest on Japan Development Bonds(60% received in India)	Rs. 1,00,000
Compute his total income if	
(a) He is resident	
(b) He is not ordinarily resident, or	
(c) He is non - resident.	

28. A, an HUF with more than one coparcener entitled to claim partition, owns a property which is let out Rs. 600 per month per unit. The property consists of 10 identical residential units. Following deductions are claimed by the HUF including the expenses on tenant's amenities.

Municipal rental value for 10 units (annual)	60,000
Municipal taxes	4,200
Lift maintenance	2,000
Water –pump expenses	800
Actual expenses on repairs	8,000
Renovation to the property during the year	50,000
Education less levied by the state government	2,000
Rent collector's salary per month	200
Interest on loan taken against mortgage of the property but the money was actually used in the business of the HUF	5,000
The income from business for the assessment year 2019-20 (after charging int. On loan)	2,10,000

A lottery ticket of Rs 100 was purchased out of family funds on the name of HUF and it won a prize of Rs. 1,00,000. The karta has acquired a shop out his own savings which he gifted to his wife. Shop has an annual income (computed) of Rs. 24,000. Computed the HUF total income and tax payable for the assessment year 2019-20.

29. From the particulars given below calculate the total income of firm assessed u/s 184 and income of the partners P,Q and R for the assessment year 2019-20 . the firm has submitted its deed and the payment of remuneration and interest is in accordance with such deed: profit sharing ratio is 4:3:2.

		Rs.
Profit as per P&L account after debiting the following amounts		(-) 3,40,000
Remuneration to working partners		
P		1,20,000
Q		90,000
S		60,000
Interest paid on capital	capital	
P	2,00,000	28,000
Q	3,00,000	42,000
R	1,00,000	14,000

30. Total income of Mr. Madan is Rs.5,16,000. He is a senior citizen. Compute the tax liability.

ESSAY QUESTIONS (10 MARKS)

31. Explain taxability of income of a member AOP.
 32. Find out the tax liability of Mrs. Meena in the following cases for the PY:
 (a) She is a resident woman and date of birth is June 5, 1960.
 (b) She is a resident woman and date of birth is June 5, 1932.

Mrs. Meena has income of Rs.9,00,000(i.e., long term capital gain:Rs.50,000, pension before standard deduction Rs.3,60,000 and interest on Tamilnadu government securities Rs.4,90,000).she pays Rs.15,000 as insurance premium annually.

33. Explain total income of an individual.
 34. What type of tax incentive are available to an individual for saving and investment.
 35. Compute tax liability to Mr. X for the details given below: Rs.

Income from salary	1,40,000
Income from H/P let-out (not computed)	15,000
Short term capital gain	5,000
Long term capital gain	10,000
Income from other sources	60,000
Total deductions	20,000
Donation to a local authority for family planning	27,000

36. A firm which consists of P,Q,R as partner has submitted its authenticated copy of partnership deed to the assessing officer along with its return submits following information:

A. Net profit Rs. 90,000 after debiting the following:	
Salary to P	1,20,000
Salary to Q	60,000
Interest on capital @ 13%	
To P	19,000
To Q	9,500
To R	7,600
Donation to national foundation for communal harmony	4,000
A. Interest on government securities	15,000
B. Interest on house property (computed)	24,000
C. Interest on bank deposits	6,000

Compute total income if the instrument of partnership provides for payment of salary to P Rs. 1,20,000 and Q Rs 60,000. Also compute firm's tax for the assessment year 1019-20 and partner's income taxable under the head profits and gains.

37. The following particulars have been submitted by Mr. Ram Lal in the capacity of karta of a HUF for the purposes:
- Profit from family business Rs. 2,50,000 after charging an amount of Rs. 60,000 given as salary to Karta,s brother who has been actively participating in it.
 - Salary income of karta's another brother who is manager in a co-operative bank Rs. 11,000.p.m.
 - Director's fees received by karta Rs.5,000 (HUF holds 20% shares in this company).
 - Bank interest on fixed deposit RS. 24,000
 - Long term capital gain from the transfer of building Rs.28,000
 - Long term capital gain from the transfer of investment Rs. 40,000
 - Donation to a collage which is an approved institution Rs.40,000
 - Rental value of the property let Rs.36,000
 - Municipal tax paid in respect of the house Rs.4,500
 - Interest on loan taken for repair of house Rs. 12,000
 - You are required to calculate total income and tax liability of the family for the assessment year 2019-20.
38. Mr.I.M. Verma is the manager of Panjab cotton mills Ltd. He draw a salary of Rs.30,000 p.m. his other items of income are:
- Interest on fixed deposits with Andhra bank Rs. 10,800 and interest credited in the saving a/c in the bank Rs.12,000.
 - Winning from lottery Rs. 60,000.
 - Dividends from an Indian company Rs.3,600.

- (d) Long term capital gain from sale of his residential house, occupied for the last 20 years, Rs.1,15,000. He purchased another house for his residence for Rs. 1,05,000 with in four months of the transfer of his residential house.
- (e) Short term capital loss Rs.10,000
- (f) Long term capital loss from gold brought forward from the assessment year 2017-18 Rs. 20,000.

The following deductions are claimed:

- (j) Life insurance premium (policy for Rs. 1,00,000 taken in 2007) Rs.14,500
- (ii) Donation for Punjabi university Rs. 5,000
- (iii) Donation to clean ganga fund setup by central Govt. Rs. 5,000
- (iv) Education of his children, 4,500.

Compute total income and tax payable for the assessment year 2019-20.

39. From the following particulars relating to Guhan , calculate the taxable income for the assessment year 2019-20.

Salary income	1,20,000
Dearness allowance per month	600
House rent allowance per month (rent paid 1,500. P.m.)	1000

House property is let out on a monthly rent of Rs.2,000

The annual value of the house property is RS.30,000. Municipal tax paid is Rs.1,800 for the hole year. Interest payable on capital borrowed for the construction of the house is Rs.6,000. Repayment of house building loans taken from friends is Rs.5,000 and from Life Insurance corporation RS 3,000.

Lottery winnings	4,00,000
Interest on saving bank account	4,000
Dividend on master shares of UTI	3,000
Interest on PPF account	2,000
Income from units of unit trust of India	4,000
Life insurance premium	6,000
Royalty income	2,00,000
Contribution to PPF	6,000
Subscription to national saving certificates	10,000
Interest accrued on NSC's VIII issue	4,000
Term deposit with a bank	10,000

The construction of the building was completed on January 1,1997.

40. Shri sundar, working in a Ltd. Company at Bombay, receives a salary of Rs.3,600 per month during 2018 -19. His employer contributes Rs.8,160 towards provident fund (RPF). Other allowances received by him are: Medical allowance : Rs.7,800 and 5 percent commission on sales achieved by him which were Rs.80,000. Special allowance Rs.2,28,000. Employer provides a Maruthi 800 car with a chauffeur (driver) for his private and official purposes with effect from April 1,2018. The amount of interest credit to provident Fund @ 14% per annum comes to Rs.2,012. Income of sundar from other sources is Rs.3,00,000.
