

20. (a) Sh. S.K. Basu is in service in Calcutta (Population above 25 lakhs) drawing a monthly salary of Rs. 15,000 p.m. He is also provided with a rent-free unfurnished flat, for which employer pays a rent of Rs. 2,500 p.m. He contributes 10 percent of his salary to recognised provident fund. The interest @ 8% on his Provident Fund Account for the year ended 31st March 2014 amounted to Rs. 2,500. He is also the owner of a house which is let out at a monthly rent Rs. 2,500. His expenses for house were :

	Rs.
(i) Municipal taxes	3,000
(ii) Interest on loan for construction of the house	6,600
(iii) Repairs	500

He has also interest on Govt. securities amounting to Rs. 14,000 (Gross).

He has also received a share from a firm assessed firm of Rs. 5,000 and his share of firm's tax amounts to Rs. 600. He paid life insurance premium for a policy on his own life Rs. 700. He paid Rs. 200 to per month to National Relief Fund.

Compute the Total Income of Shri Basu.

Or

- (b) Compare tax planning, tax evasion and tax avoidance in the light of principles for effective tax management.

Reg. No. :

Code No. : 5820

Sub. Code : HKCM 33/
HKAM 33

M.Com./M.Com. (With Computer Applications) (CBCS)
DEGREE EXAMINATION, NOVEMBER 2016.

Third Semester

TAXATION AND TAX PLANNING

(For those who joined in July 2012-2015)

Time : Three hours

Maximum : 75 marks

PART A — (10 × 1 = 10 marks)

Answer ALL questions.

Choose the correct answer :

- The 12 months contained in previous year 2013-14 are _____.
 - 1.1.2012 to 31.12.2013
 - 1.10.12 to 30.9.13
 - 1.4.13 to 31.3.14
 - None of these



2. The term income includes _____.
- (a) Legal income only
 - (b) Legal and Illegal incomes
 - (c) Illegal income only
 - (d) None of these
3. Death cum retirement gratuity paid to a government employee is _____.
- (a) Fully taxable
 - (b) Partially taxable
 - (c) Fully exempted
 - (d) Government pays the tax
4. Standard deduction u/s 24 is _____.
- (a) 20% of NAV
 - (b) 1/5 of NAV
 - (c) 30% of NAV
 - (d) 40% of NAV
5. Gifts from clients are _____.
- (a) Professional income
 - (b) Income from other sources
 - (c) Non taxable item
 - (d) None of these

6. Speculation loss can be set-off against _____.
- (a) Salary income
 - (b) House property income
 - (c) Speculation income
 - (d) Another business income
7. Education cess on tax payable is at
- (a) 2%
 - (b) 1.1%
 - (c) 3%
 - (d) 5%
8. Relief for share of income from AOP is available as per section
- (a) 89(i)
 - (b) 80G
 - (c) 80CC
 - (d) 86
9. Tax planning is an act of
- (a) punishment
 - (b) delayed action
 - (c) accepted procedure
 - (d) tax avoidance
10. Self assessment is given u/s
- (a) 140A
 - (b) 150A
 - (c) 142A
 - (d) 160A



PART B — (5 × 5 = 25 marks)

Answer ALL questions, choosing either (a) or (b).

Each answer should not exceed 250 words.

11. (a) Mr. Peter, a foreigner, came to India from Poland for the first time on 1st April 2007. He stayed here continuously for 3 years and went to France on 1st April 2010. He, however, returned to India on 1st July 2010 and went to 1st December 2011. He again came back to India on 25th January 2014 on a service in India.

What is his residential status for the A.Y. 2014-15?

Or

- (b) Explain the nature of income taxable and not taxable in the hands of a non-resident.

12. (a) Mr. Z who lives in Coimbatore with his family in his own house is employed in a Pvt. Company - and gets - Basic salary of Rs. 2,000 p.m. D.A. Rs. 500 p.m. (30% is not considered for retirement benefits), C.C.A. - Rs. 200 p.m. H.R.A. - Rs. 4,500 p.m. From 1.12.2013 he lives in a rented house paying a rent of Rs. 5,000 p.m. Compute income from salary.

Or

- (b) Explain the exempted income from house property.

Page 4

Code No. : 5820

13. (a) Mr. X has the following incomes during the year ending 31.3.2014.

- (i) Dividend declared by M. Co. on 31.3.2013 [Indian Co.] 6,000
- (ii) Dividend declared by Z Co. on 31.3.2014 [Indian Co.] 9,000
- (iii) Interim dividend received on 1.5.2013 [Indian Co.] 3,000
- (iv) He won gold worth Rs. 10,00,000 from Panjab State Lottery
- (v) During March 2014 he earned Rs. 1,00,000 as prize money on horse races. These horses are owned by him and expenditure incurred on maintenance of these horses amounted to Rs. 1,60,000.

Compute income from other sources for the assessment year 2014-15.

Or

- (b) Mr. Ghosh sold a house on 1.9.2013 for Rs. 11,00,000. This house was inherited by him during 1981-82 from his father who had constructed it in 1971-72 for Rs. 50,000. Mr. Ghosh spent Rs. 50,000 on renovation of the house in 1986-87. Fair market value of the house as on 1.4.1981 was Rs. 1,50,000.

Page 5

Code No. : 5820



This house was under negotiation for sale in May, 1990 and he received Rs. 80,000 as advance money. The contract could not materialise and the advance money was forfeited. Compute the amount of capital gain assuming that he does not qualify for any exemption.

[C.I.I. for 1981-82 : 100, 86-87 : 140, 90-91 : 182 and 2013-14 : 939]

14. (a) Brief the applicability of Alternate Minimum Tax.

Or

- (b) Krishnamoorthy, born on 5.1.1975 has following information :

	Rs.
(i) Winning from lottery (Gross)	50,000
(ii) Interest on bank deposits	6,000
(iii) Interest on Govt. Securities	2,000
(iv) Interest on debenture of a listed Co.	14,000
(v) Crossword puzzle winnings	80,000

Compute other sources and casual income for the AY : 2014-15.

15. (a) Shri. Kumar had taken a loan from Bank for his higher studies. He started repaying the loan with effect from 1.4.2010 and during 2013-14 he repaid Rs. 50,000 as principal amount and Rs. 10,000 as interest. His gross total income for previous year 2013-14 is Rs. 2,40,000. Compute his income for the assessment year 2014-15. What will be his income if he had been paying the loan from 2003-2004?

Or

- (b) State the provisions relating to different forms filing income tax returns.

PART C — (5 × 8 = 40 marks)

Answer ALL questions choosing either (a) or (b).

Each answer should not exceed 600 words.

16. (a) The following are the details of income of Shri Ram Lal :
- (i) Share of income from a joint venture in India Rs. 10,000.
 - (ii) Dividend Rs. 1,000.
 - (iii) Income from agriculture in Pakistan Rs. 20,000.
 - (iv) Salary received in India Rs. 9,800 (computed) but the services for the same were rendered in Iran.



- (v) Income from business (Controlled from India) in Pakistan Rs. 10,000 and the income remitted to India.
- (vi) Income earned and received in Pakistan from bank deposits Rs. 5,000.
- (vii) Income accrued in India but received in Iran Rs. 10,000.

Compute Mr. Ram Lal's taxable income if he is (1) a resident. (2) a not ordinarily resident, or (3) a non-resident.

Or

- (b) Explain any eight exemption which does not depend upon the expenditure.

17. (a) Mrs. X, an employee of Tamilnadu Government submits the following information relevant for the assessment year 2014-15.

Salary Rs. 86,000, Entertainment allowance : Rs. 8,000, Bonus Rs. 10,200. Education allowance Rs. 4,000 (for her grand children). Income tax penalty paid by employer : Rs. 2,000. Medical expenses reimbursed by employer: Rs. 2,000. Leave travel concession: Rs. 1,000, Free residential telephone Rs. 4,000. Free refreshment during office hours Rs. 4,000. Payment of Electricity Bills.

by employer Rs. 1,060. Reimbursement of gas bills Rs. 1,000, Professional tax paid by employer : Rs. 300, professional tax paid by Mrs. X : Rs. 150.

Mrs. X is provided with a Car of more than 1.6 ltr for both personal and official use and expenses of maintaining and running the car with chauffeur are borne by the employer.

Determine the taxable salary.

Or

- (b) Narrate the valuation of perquisites : car and free education to children of employees.

18. (a) Find out tax payable by A and B from the following information :

Particulars	A	B
	Rs.	Rs.
Sales	35,00,000	1,10,00,000
Less : expenses cost goods sold	30,00,000	1,00,00,000
Gross profit	5,00,000	10,00,000
Less : other business expenses	2,00,000	9,00,000
Business income	3,00,000	1,00,000

Or



- (b) Mr. Paneerselvam owned two motor cars which were mainly used for business purposes. The written down value on April 1, 2013 of these cars is Rs. 1,81,000. The block of assets comprising of only these two cars, was sold in June 2013 for Rs. 1,50,000. In September 2013, he sold 1,000 shares in X Ltd. (unlisted) an Indian Company, for Rs. 30,00,000. He had purchased the same during March, 1995 for Rs. 3,10,000. A house plot purchased in March, 1991 for Rs. 3,00,000 was sold by him for Rs. 9,35,000 on January 18, 2014. (CII 94-95 : 259, 1990-91 : 82. 2013-14 : 939)

Compute the capital gains chargeable to tax in respect of the above transactions for the assessment year 2014-15.

19. (a) The following are particulars of the Income of the GND University teacher during the year ending 31st March 2014 :
- (i) Salary Rs. 37,400 p.m. plus Rs. 9,000 p.m. as grade pay which 10 per cent is deducted for statutory provident fund to which the University contributes 12 percent.
 - (ii) Rent free bungalow of the annual letting value of Rs. 18,000.
 - (iii) Wardenship allowance Rs. 2,000 p.m.

- (iv) 12% interest on Government Loan of Rs. 65,000.
- (v) Income from house property (computed) Rs. 29,560.
- (vi) He received Rs. 3,500 for writing articles in a journal.
- (vii) He paid Rs. 2,000 (by cheque) to G.I.C. under mediclaim.
- (viii) Interest on postal savings bank deposit Rs. 6,500.
- (ix) Interest (gross) Rs. 2,500.
- (x) Examinership remuneration Rs. 3,500.
- (xi) During the year, he sold shares of Reliance industrial Ltd. and earned a long term capital gains of Rs. 60,000.

During the year he paid Rs. 24,000 as life insurance premium on his own policies and spent Rs. 600 on books purchased for his own use.

Find out his total income, tax and exempted income. Population of Amritsar is 12 lakhs.

Or

- (b) List down the deductions allowed from Gross Total Income of individuals in respect of certain Receipts.

