

PG DEPARTMENT OF COMMERCE (CA)

QUESTION BANK

COURSE: B.Com (CA)

SEMESTER:V

SUBJECT CODE: 17UCC515

SUBJECT: INCOME TAX LAW AND PRACTICE

K1 LEVEL

1. Prime Minister of India is
 - a) AOP
 - b) Artificial Judicial Person
 - c) An Individual**
 - d) Body of Individuals
2. A.O.P should consist of :
 - a) Individual only
 - b) Persons other than individual only**
 - c) Both the above
 - d) none of these
3. Body of individual should consist of :
 - a) Individual only**
 - b) Persons other than individual only
 - c) Both the above
 - d) Group of individuals
4. Surcharge of 10 per cent is payable by an individual where the total income exceeds
 - a) Rs.7,50,000
 - b) Rs.8,50,000
 - c) Rs.10,00,000**
 - d) None of the three
5. A new business was set up on 7-09-2017 and it commenced its business from 1-11-2017. The first previous year in this case shall be:
 - a) 7-09-2017 to 31-3-2018**
 - b) 1-11-2017 to 31-3-2018
 - c) 2017-2018
 - d) 1.9.17 to 31.3.18
6. A person leaves India permanently on 12-10-2018. The assessment year for income earned till 12-10-2018 in this case shall be:
 - a) 2016-17
 - b) 2017-18
 - c) 2018-19**
 - d) 2019-20
7. The maximum amount on which income-tax is not chargeable in case a co-operative society is:
 - a) Rs.50,000
 - b) Rs.30,000
 - c) 10,000
 - d) Nil**

8. Education cess is leviable @:

- a) 1%
 - b) 3%
 - c) 5%
 - d) 2.5%

9. Education cess is leviable in case of:

- a) An individual b) An individual and HUF
c) A company assessee only d) **All assesses**

10. The Total Income of an assessee is Rs.3,63,594. For rounding off , the total income will be taken as:

11. Income tax is rounded off to:

- a) Nearest hundred rupees b) **Nearest ten rupees**
c) Nearest one rupee d) No rounding off of tax is done

12. Residential status to be determined for :

- a) Previous year** b) Assessment year
c) Accounting year d) Calendar year

13. Total income of a person is determined on the basis of his:

- a) Residential status in India** b) citizenship in India
c) both of the above d) none of these

14. Dividend paid by an Indian company is:

- a) Taxable in India in the hands of the recipient
 - b) Exempt in the hands of recipient
 - c) Taxable in the hands of the company and exempt in the hands of the recipient**
 - d) None of these

15. Agricultural income is exempt provided the:

- a) Land is situated in India
 - b) Land is situated in any rural area India
 - c) Land is situated whether in India or outside India
 - d) None of these.

16. Agricultural income is :

- a) Fully exempt
- b) Partially exempt
- c) Fully taxable
- d) none of these

17. Priya, a chartered accountant is employed with X Ltd., as an internal auditor and requests the employer to call the remuneration as internal audit fee. Priya shall be chargeable to tax for such fee under the head.

- a) Income from salaries
- b) Profit and gains from Business and Profession
- c) Income from other sources
- d) none of these.

18. Mithun, who is entitled to a salary of Rs.10,000 p.m. took an advance of Rs.20,000 against the salary in the month of March 2018. The gross salary of Mithun for assessment year 2018-19 shall be:

- a) **Rs.1,40,000**
- b) Rs.1,20,000
- c) Rs.1,00,000
- c) None of these

19. A is entitled to children education allowance @ Rs. 80 p.m. per child for 3 children amounting Rs. 240 p.m. It will be exempt to the extent of :

- a) **Rs.200 p.m.**
- b) Rs.160 p.m.
- c) Rs. 240 p.m.
- d) none of these.

20. Director of a company is a

- a) Employee
- b) Employer**
- c) specified employee
- d) none.

21. Ramesh gifted his house property to his wife in 2000. Ramesh has let out the house property @ Rs.5,000 p.m. The income from such house property will be taxable in the hands of :

- a) Mrs. Ramesh
- b) Ramesh. However , income will be computed first as Mrs. Ramesh's income and thereafter clubbed in the income of Ramesh
- c) Ramesh as will be treated as deemed owner & liable to tax**
- d) None

22. Raia transferred his house property to his wife under an agreement to live apart. Income from such house property shall be taxable in the hands of :
- a) Raja as deemed owner
 - b) Raja. However, it will be first computed as Mrs. Raja income & thereafter clubbed in the hands of Raja
 - c) Mrs. Raja**
 - d) None
23. A has two house properties. Both are self-occupied. The annual value of
- a) Both house shall be nil **b) One house shall be nil**
 - c) No house shall be nil d) both are taxable.
24. An assessee has borrowed money for purchase of a house & Interest is payable outside India. Such interest shall:
- a) Be allowed as deduction
 - b) Not to be allowed as deduction
 - c) Be allowed as deduction if the tax is deducted at source**
 - d) None of these.
25. Standard deduction on let out house property is _____ percentage on NAV.
- a) 20%
 - b) 25%
 - c) 30%**
 - d) 35%
26. Any activity carried out to earn profit is _____
- a) Business
 - b) Profession
 - c) NGO
 - d) None of these
27. Unabsorbed depreciation which could not be set off in the same assessment year, can be carried forward for:
- a) 8 Years
 - b) Indefinitely**
 - c) 4 Years
 - d) None of these
28. Securities transaction tax paid by the seller of shares and units shall
- a) Be allowed as deduction as expenses of transfer
 - b) Not be allowed as deduction**
 - c) Deduction as expenses
 - d) None of these

29. In the case of compulsory acquisition, the indexation of cost of acquisition or improvement shall be done till the :

- a) **Previous year of compulsory acquisition**
- b) In which the full compensation received
- c) In which part or full consideration is received
- d) None of these

30. Exemption under section 54 is available to :

- a) All assesses
- b) Individuals only
- c) **Individual HUF**
- d) AOP

31. New assets acquired for claiming exemption u/s 54, 54B or 54D, if transferred within 3 years, will result in:

- a) **Short-term capital gain**
- b) long-term capital gain
- c) ST or LTCG depending upon original transfer
- d) Capital assets

32. Loss from a speculation business of a particular A. Yr. can be set off in the same A. Yr. from:

- a) Profit and gains from any business
- b) Profit and gains from any business other than speculation business
- c) **Income of speculation business**
- d) Profit from other sources

33. Loss under the head capital gain in a particular assessment year can:

- a) Be set off from other head of income in the same assessment year.
- b) **Be carried forward**
- c) Neither a or b
- d) All of these

34. Any activity carried out to earn profit is _____

- a) **Business** b) Profession c) NGO d) None of these

35. Under the head Business or Profession, the method of accounting which an assessee can follow shall be :

- a) Mercantile system only

- b) Cash system only
- c) Mercantile or cash system only**
- d) Hybrid system

36. Financial year starts from

- a) Mar 31-Apr 1 b) Jan 1 – Dec 31
- c) Apr 1- Mar 31 d)Nov 1- Sep 30**

37. Which of the following is receipts of chartered accountant

- a) Audit fees b) Institute fees
- c) Consultancy services **d)All the above**

38. This is the fourth head of income chargeable to tax as given in sec 14.

- a)Capital gains** b)Capital asset
- c)Income tax d)None of these

39. Assets which is held for period of less than three years is known as

- a) Long Term Capital Asset** b) Capital Asset c) **Short Term Capital Asset**
- d) Capital gain

40. Gain received by transferring an assets which is held for a period of more than three years is known as

- a) Short Term Capital Gain b) **Long Term Capital Gain** c) Long Term Capital Asset
- d) Short Term Capital Asset

41. COA Means.

- a) Cost of Acquisition** b)Cost of Academic
- c) Cost of Association d)None

42. FMV Means.

- a) Few Market Value b)Flow Market Value
- c)Fair Market Value** d)Fair Market Value

43. Gain on transfer of a capital asset is a

- a) **Capital gain**
- b) Capital asset
- c) Gain
- d) Asset

44. The fifth head of income is.

- a) **Income from other sources**
- b) Income from profit
- c) Income from capital
- d) none of the above

45. Which of the following is not a Movable property?

- a) Motor car
- b) Furniture
- c) Household equipment
- d) All of these**

46. This was levied on the total income of any assessee of a previous year.

- a) Income tax**
- b) Sales tax
- c) Land tax
- d) None

47. Which of the following is considered as casual incomes?

- a) Lottery
- b) Race winnings
- c) Car games
- d) All of these**

48. Spouse and dependent children of the assessee comes under.

- a) Family**
- b) Individual
- c) Company
- d) None

49. TDS for gambling and betting is.

- a) 30%**
- b) 20%
- c) 10%
- d) Nil

50. Loss from horse race can be carry forward to _____

- a) 2 Years
- b) 3 Years
- c) 4 Years**
- d) 5 Years

K2 Level Questions:

1. Define Tax.

A compulsory extraction made by central government from the general public.

2. Who is an assessee?

A person who pays tax or any other sum of money.

3. Describe Gross Total Income.

Income from salaries, income from house property, profits and gains of business or profession, capital gains and income from other sources constitutes gross total income.

4. Describe a person.

Individual, Hindu Undivided family, company, firm, association of persons, local authority and every artificial person.

5. Define Total Income.

Gross Total Income minus deduction under 80C to 80U.

6. Give any two examples for exempted incomes.

Indian agriculture income

Share of income from the firm.

7. What do you mean by assessment year?

The period of 12 months commencing on the 1st day of April every year. The year in which tax is paid.

8. What do you mean by previous year?

The year in which income is earned.

9. What is residential status?

How many days a person have stayed in India.

10. Who is a non-resident?

Assesee who does not fulfill any of the two conditions given in sec 6(1)(a) or (b) would be regarded as non-resident,

11. Define the head Salary.

According to sec 17(1) salary includes the amounts received by an employee from his employer.

12. What is Provident Fund?

Government collects fixed percentage of employee salary towards the fund.

13. What is the rate of interest charged to the balance of RPF?

9.5%.

14. Describe allowance.

Allowances are the amount given to an employee by his employer to meet some type of loss or expenditure of the employee or help him to meet certain type of expenses.

15. Give two examples for fully exempted allowance.

Foreign allowance given by govt. to its employees posted abroad

House rent allowance given to judges high court and supreme court

16. Give two examples for partially exempted allowance.

Transport allowance

Tribal area allowance

17. Give two examples for fully taxable allowance

City compensatory allowance

Lunch allowance

18. What do you mean by perquisites?

Any casual emolument, fee or profit attached to an office or position, in addition to salary or wages.

19. Who is a special employee?

An employee under workers compensation law who is assigned by his or her employer to work for another employer.

20. What is gratuity?

Lump sum payment made by an employer to his employee at the time of leaving job.

21. Define the head house property.

The houses, buildings, bungalows, godowns, land etc., are said to be house property.

22. What is annual rental value?

Annual value is the value Calculated takes not only the house rent received but also the expected rent a house.

23. What do you mean by municipal rental value?

The local authority fixed amount as a tax called municipal rental value.

24. Define standard rent.

The rent fixed under rent control act, where so ever applicable is called standard rent.

25. Describe the deductions under section 24.

24 a) Standard deduction @ 30% on NAV, 24 b) Interest on loan

26. How many years the loss from horse race can be carried forward?

8 years

27. What do you mean by casual incomes?

Lottery , Card games, Horse race, cross word puzzle etc.,

28. Explain Business;

Business simply means any economic activity carried on for earning profits.

29. Describe speculation business;

A transaction in which a contract for the purchase or sales of any commodity, including stocks and shares, is periodically or ultimately settled otherwise than by the actual delivery or transfer of the commodity or scrips.

30. Explain capital asset.

- a) Property of any kind held by an assessee(not connected with business) profession.
- b) Any security held by a foreign Institutional investor accordance with SEBI act.

31. Classify the capital assets.

1. Short-term capital asset.
2. Long-term capital asset.

32. Classify the capital gains.

1. Short-term capital gains.
2. Long-term capital gains.

33. Extend CII.

Cost Inflation Index.

34. Extend LTCG;
Long Term Capital Gain.
35. Extend STCG.
Short Term Capital Gain.
36. Classify the types of Income cover under the head Income from other sources.
General Incomes.
Specified Incomes.
37. Explain Security.
A security is a document acknowledging the debt taken by a specific authority from general public.
38. Write any two who can issue a security.
The central government
A state government
39. Explain set-off of losses.
When any loss relating to any particular previous year called set-off of losses.
40. Describe set-off-of loss from casual income u\s 56(2)(ib)
Loss from any source or any cannot be set off from casual incomes such as card games, lottery etc.,
41. Explain Gross Total Income
The aggregated income from all the heads of income is known as Gross Total Income.
42. Extend HUF.
Hindu Undivided Family
43. What is the year of Inocme tax Act.
The year of Income tax act is 1961
44. Classify any two heads of income
Income under head salary
Income under head house property.

45. Write any two professional Receipts of doctor;

Consultation fees

Operation fees

46. Write two eligible assesses .

1. HUF

2. FIRM

47. Mention types of gifts.

Gift of money, Gift of property

48. Expand TDS..

Tax Deducted at Source

49. What is security?

A document acknowledging the debt taken by a specific authority from general public.

50. Write the formula to Gross up of interest.

Gross Interest=Net*100\100-Rate of TDS.

K3 level Questions:

1. Explain in detail the Residential Status of a HUF
2. Explain how you would determine the residential status of a company and a firm.
3. Determine the residential status of the following
 - ❖ A Brahmin Parivar consisting of Mr.A, his brother B, Mrs.A and B.
 - ❖ Kalyani Publishers Ltd
 - ❖ Reserve Bank of India
 - ❖ Life Insurance Corporation of India
 - ❖ Mr.Narendra Modi, Prime Minister of India
4. Determine the residential status of the following
 - ❖ Reliance Industries Limited.
 - ❖ Punjab National Bank.
 - ❖ Madras University.
 - ❖ Calcutta Municipal Corporation.
 - ❖ A partnership firm with A, B and C partners.
5. An Assessee is having income from various sources. Find out the previous years of such incomes which, shall be taxable in the assessment year 2018-19.
 - (i) Salary income for job joined on 1-7-2017.
 - (ii) Newly set up business on Diwali 2017
 - (iii) New house completed on and let out from 1-10-2017.
 - (iv) Income from examinership fee from university in April 2017.
 - (v) A person wins a lottery prize on 1-11-2017.
6. Mr.k.V.Rao a senior scientist goes to Nigeria on a job approved by central Govt. for a period of 3 years on 15th Sept. 2016 he has never been out of India before. Determine the residential status for the previous year 2016-17.

7. A person after about 26 years stay in India, retired to England in April 2016 and returned to India on 15th February 2018 to take up a salaried appointment. What is his residential status for the previous year 2017-18?
8. Mr.A an engineer left India for London on 15th March 2017 for taking practical training in an engineering firm there. He returned to India on 28th March 2018. he was never out of India in the past. State giving reasons what will be the residential status of Mr.A for the previous year 2017-18.
9. Following are the incomes of Sri Amaranth for the financial year 2017-18:

	Rs.
(a) Interest on saving Bank deposit in Allahabad Bank, Delhi	1,200
(b) Income from agriculture in Africa invested in Nepal	10,000
(c) Dividend received in U.K from an American company, a part of which Rs 2,000 remitted to India	10,000
(d) Pension received in Belgium for services rendered in India with a limited company	20,000

You are required to compute his gross total income for the assessment year 2018-19 if he is a (i) resident (ii) not ordinarily resident; or (iii) non-resident.

10. The following are the details of income of Sri Ram Lal :

- ❖ Share of income from a joint venture in India Rs.10,000
- ❖ Dividend Rs.1,000
- ❖ Income from agriculture in Pakistan Rs.20,000
- ❖ Salary received in India Rs.9, 800 (computed) but the services for the same were rendered in Iran.
- ❖ Income from business (controlled from India) in Pakistan Rs.10, 000 and he income remitted to India.
- ❖ Income earned and received in Pakistan from bank deposits Rs.5,000
- ❖ Income accrued in India but received in Iran Rs.10,000

Compute the Ram Lal taxable income if he is a). Resident b). Not Ordinarily Resident c).Non – Resident

11. What do you mean by provident fund? Explain its types.
12. Mr.Sen was appointed as reader in Calcutta university in the scale of 12000-420-18300 on 1.9.2013 at RS.12, 000 p.m. Compute his salary income for the previous year 2016-17. If a) Salary is due on 1st of every month b) Salary is due on last date of every month.
13. Find out salary of Mr. O.P. Gupta from particulars given below:

	Rs.
Net salary received	72,000
Income – tax deducted by employer	4,000
Professional tax deducted by employer	1,200
Group insurance scheme:	
Contribution of employee deducted by employer	1,200
Rent of house provided by employer (deducted out of salary)	3,600
Life insurance premium paid by employee	9,000

14. Calculate the taxable amount of annual accretion to R.P.F. if following information is provided by assessee:
- (i) pay @ Rs 24,500 p.m.
 - (ii) Commission received by him on the basis of turnover achieved by him: Rs 36,000.
 - (iii) Employer's contribution to R.P.F. @ 14% of salary;
 - (iv) Interest credited during the year to R.P.F. Balance @ 12% is Rs 24,000.

15. Compute gross salary from information given below:
- (i) Salary @ Rs 25,000 p.m.
 - (ii) D.A @ Rs 5,000 p.m. [Rs2, 500 p.m. enters into pay for service benefits]
 - (iii) Advance salary for two months Rs 55,000.
 - (iv) Employer's contribution to R.P.F. Rs 3,500 p.m.

16. Calculate the taxable amount of annual accretion to R.P.F. if the following information is provided by assessee.

- (i) Pay @ Rs. 7,500 p.m.
- (ii) Commission received by him on the basis of turnover achieved by him Rs. 6,000
- (iii) Employees contribution to R.P.F. 14% of salary
- (iv) Interest credited to R.P.F. balance@ 12% is Rs. 24,000.

17. Mr.Y is employed at Amritsar on a salary of Rs.3,000 p.m. The employer is paying H.R.A. of Rs. 350 p.m.but the actual rent paid by him(employee) is Rs.500 p.m. He is also getting 2% Commission on turnover achieved by him and turnover is Rs.1,50,000. Calculate his gross salary.

18. Mr. Hari is employed at Amritsar on a salary of Rs 30,000 p.m. the employer is paying H.R.A. of Rs8,000 p.m. but the actual rent paid by him (employee) is Rs 12,000 p.m. he is also getting 2%commission on turnover achieved by him and turnover is Rs50,00,000.Calculate his gross salary.

19. Mr. Rajender Singh retired on 31-12-2017 and his pension was fixed at Rs 3,600 p.m. He got $\frac{3}{4}$ th of the pension commuted for which he received Rs 1,80,000 from his employer, a Ltd. Co. Find out the taxable amount of commuted value of pension if:

- (a) He gets gratuity; and (b) he does not get gratuity.

20. Mr.Ghosh retires on 31-10-2018 after 20 years service and received Rs 48,000 as leave encashment for 12 months. His employer allows him 11/2 month of leave for every one year of service. He has already encashed leave for 18 months. His salary for 2017-2018 was Rs. 3,000 and from 1-4-2018 it was raised to rs. 4,000 p.m. compute the taxable amount of leave encashment.

21. Compute ARV from the particulars given below

MRV Rs. 60,000 p.a.

FRV Rs. 66,000 p.a.

Standard Rent Rs. 63,000 p.a.

Real Rent Rs. 6,000 p.m.

Date of completion 31-5-2017 Date of letting 1-8-2017

22. Mr. Aakash is the owner of a house which is let – out at a rent of Rs.500 p.m. The municipal taxes are equal to 10% of the rent received.

Compute the annual value of the house, if

i) The municipal taxes are paid by Mr.Aakash

ii) $\frac{1}{2}$ of the municipal taxes are borne by the tenant.

23. Compute the Annual Rental value in following case:

i) Municipal rental value 48,000 p.a

ii) Actual rental received

50,000 p.a

iii) Lift and pump maintance

charge paid by owner 6,000 p.a

iv) Salary of commom gardener

and watchman paid 500 p.m

by tenants to the owner and actual exp incurred by the owner during the year are Rs 4,200.

24. From the particular given below compute ARV:

	A	B	C	D
MRV	60,000	48,000	36,000	96,000
FRV	75,000	60,000	45,000	1,16,000
Real rent	69,000	54,000	40,000	1,20,000
Standard rent	not applicable	72,000	42,000	1,15,000

25. Calculate the ARV for the particulars given below:

Actual rent	6,000 p.m
FRV	66,000 p.a
MRV	60,000 p.a
Standard rent	69,000 p.a

During the previous year 2017-18 assessee could not realise rent for two months.

26. State whether the following items are deductible or not and why:

Sales- tax and wealth-tax.

Donation to a political party

Cost of installing a new telephone.

Fees paid to the lawyer for drafting partnership deed.

Loss due to embezzlement by an employee.

27. Cost of acquisition in 2002-03 Rs.1,20,000. find out the indexed cost

if sold in 2017-18

(C.I.I. for 2002-03 is 105 and for 2017-18 is 272).

Find out the indexed cost of following long term capital assets if they are sold during the previous year 2017-18:

S.no	Asset	Year of purchase	Cost	FMV on 1.4.2001
1	Jewellery	2004-05	80,000	-
2	Bonds	2006-07	2,00,000	-
3	.House	2010-11	4,00,000	-
4	Plot inherited in. Acquired by father 1999-2000	1,00,000. in 1998- 1999	2,00,000	-

C.I.I for 2004-05 is 113, for 2006-07 is 122,for 2010-11 is 167 and 2017-18 is 272.

28. Mr.Ghosh sold a house on 1.09.2017 for Rs.15,00,000.this house was inherited by him during 2001-02 from his father who had constructed it in 1991-92 for Rs.50,000.Mr.Ghosh spent Rs.50,000 on renovation of the house in 2006-07.Fair market value of the house as on 1.4.2001 was Rs.4,50,000.This house was under negotiation for sale in may,2010 and he received Rs.20,000 as advance money. The contract could not

materials 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 2001-02:100,20 06-07:122,2010-11:167&2017-18:272]

29. Find out the indexed cost in following cases (separately for each case)

for the assessment year 2018-19: Rs.

Cost of plot acquired in 20-06-07 for	80,000
Cost of house purchased in 1998-99 for	90,000
Fair market value on 1-04-2001 being	1,50,000
Cost of house purchased in 1996-97 for Rs. 2, 00,000 but F.M.V on 1.04.2001.	

[C.I.I. for 2001-02=100 for 2006-07=122, and for 2017-18=272].

30. Compute the taxable capital gain from particulars given below:

Net consideration of a residential house Rs.10, 00,000 (2.6.2017) [C.I.I. :272]

Cost of acquisition of this house Rs.2, 10,000 (1.5.2007) [C.I.I:129]

New house acquired on 1.9.2017 for Rs.2, 00,000.

31. Find out the indexed cost and capital gain in following cases:

W.D.V of office furniture as on 1.4.2017 18,000

(Which was purchased on 15.9.2008 for Rs.20, 000 and sold on 1.9.2017 [C.I.I =272] for Rs.26,000) Bonds purchased on 1.11.2006 [C.I.I.=122] for rs.2,60,000 were sold on 1.1.2018

[C.I.I=272] for Rs. 4, 00,000

32. Cost of acquisition of house at Delhi in 1996-97 Rs. 1,00,000

Cost of improvement made in 1999-2000 Rs. 50,000

Fair market value on 1.04.2001[C.I.I. =100] Rs. 4, 60,000

Cost of addition made in 2008-09 [C.I.I.=137] Rs. 3, 20,000

Sale price of the house on 1.11.2017[C.I.I.=272] Rs.28,60,000

Expenses on sale Rs. 60,000

33. Ms.A.invested Rs.1,00,000 in 9% tax-free debentures of a company.

What will be his taxable interest for the previous year ending on 31-3-2018 if the rate of deduction of tax at source is @10% interest accrues on 1st January every year.

34. Mr. R held the following investments:

- a.) Rs. 90,000 10%(tax free) debentures of a listed company.(rate of T.D.S.10%)
- b.) Rs.1,00,000 12% Punjab govt.loan

Compute his income from interest on securities for the year ending 31-3-2018 if interest accrues annually on 1st January.

35. Mr. Ankit received the following gifts during p.y.2017-18:

- He received a gift in cash of rs.20,000 from his uncle on 30.06.2017.
- He received a cheque of Rs.30,000 as a gift from his brother on 10.11.2017.
- He received a gift of 21,000 on his wedding from Mr.X on 1.12.2017.
- He received Rs.25,000 as gift from his non-resident friend Mr.Y 30.12.2017.
- He received a gift of Rs.51,000 from his brother-in-law on 31.1.2018.
- He received Rs.5,000 from Ms.Z, his resident friend on 15.2.2018.

Calculate the amount of taxable gifts chargeable under the head 'other sources'.

36. Calculate income from other sources from the information given below:

- Winnings from lottery Rs.1,00,000
- Amount received from race winnings Rs.35,000
- Gift received during the previous year 2017-18
- Received Rs.20,000 as gift from his friend.
- Received Rs.1,00,000 as gift from his elder brother
- Received Rs.1,40,000 as gift on his marriage.
- Received Rs.80,000 as gift from his NRI friend on 1.1.2018.
- Another gift of Rs.18,000 received from his friend.

37. Examine the format of short term capital gains.

38. Examine the format of long term capital gains.

39. The following are the particulars of income and loss of an individual under different heads of income. Set-off losses in the assessment year 2018-19 and find out the net result:

	Rs.
Income from house property A	5,000
Income from house property B	(-) 8,000
Income from interest on securities	20,000
Income from a cycle business	(-) 20,000
Profit from speculation business	20,000
Loss from short-term capital asset	6,000
Loss-term capital loss	25,000
Long-term capital gain (Investments)	21,000

40. Compute taxable income and loss to be C/F:

	Rs.
Business profit for the previous year 2017-18	20,000
B/F Business loss of 2015-16	10,000
Capital loss on shares	60,000
loss from self occupied house(u/s 24	5,000

41. The following are the particulars of income/loss of Mr.A. You are required to set-off losses and carry forward and set-off where necessary.

	Assessment year	Assessment year
	2017-18	2018-19
Income from salary(computed)	15,000	15,000
Income from interest on securities(gross)	5,000	5,000
Loss from business	53,000	15,000
Short-term capital gain	8,000	-
Long-term capital gain(land)	21,000	-

42. From the following particulars compute total income of Mr. David for the assessment year 2018-19:

Rs.

Loss from house property	(-) 8,000
Short term capital gain on sale of shares	95,000
Long term capital loss on sale of bonds	(-) 85,000
Other sources: interest on government securities	18,000

The assessee has unabsorbed depreciation of Rs.35,000 being brought forward from 2006-07.assessee had closed the business and all the assets have been disposed of.

43. compute the total income of Mr.Ram from the particulars given below:

(1) Interest on securities (Gross)	Rs.27, 000
(2) Rental value of a house Rs.7,500 p.m: Self-acquired but transferred to H.U.F common pool. Income from this house (computed) is.	Rs.25, 200
(3) Share from firm in which he has 1/3 share_	Rs.45,000
(4) Commission received by his wife from such firm for acting as its selling agent	

Rs.25,000

44. Mr. G.Bedi owns horses at Bombay and Bangalore. These horses run for races at the race course. During the year 2014-15 Mr.Bedi submits the following information:

i)Expenses on race horses at Bombay	2,60,000
ii) Expenses on race horses at Bangalore	4,30,000
iii) Stake money earned by horses at	
a) Bombay	1,20,000
b) Bangalore	5,00,000
iv) Mr.Bedi received Rs. 1,05,000 on 1-7-2014 on betting during horse race at Bombay.	

Compute his taxable income under other sources.

45. Mr. D.D. Dewan & Company is Chartered Accountants in Delhi. They have submitted the following Income and Expenditure account for the year. Compute the income

from profession.

Expenses	Rs.	Income	Rs.
To drawings	48,000	By audit fees	2,24,000
To Office rent	42,000	By Financial Consultancy Service	98,000
To Telephone installation Charge under O.Y.T. scheme	15,000	By Dividends from an Indian company(Gross)	6,000
To Electricity Bill	4,200	By Dividend on units of UTI	4,000
To salary of staff	66,000	By Accountancy works	24,000
To Charities	1,200		
To Gift given to relatives	9,600		
To Car Expenses	21,000		
To Subscription for journal	2,500		
To Institute fee	1,200		
To Stipends given to trainees	12,000		
To Net Income	1,33,300		
Total	3,56,000		3,56,000

Note: 1. Depreciation of the car during the year amounts to Rs 5000.

2. 30% of the time car is used for personal purposes.

46. Cost of acquisition in 2005-06 Rs. 1,50,000. Find out the indexed cost of acquisition if sold during 2017-2018. (CII for 2005-06 is 117 and for 2017-2018 is 272)

47. From the following information compute the income from other sources for the assessment year
2018-19:

i) Card game loss Rs.12,000

(ii) From the activity of owing and maintaining horses for race purposes

a) Loss at Bombay Rs.40,000

b) Profit at Bangalore Rs.20,000

(iii) Dividend (Gross) from Indian Companies	Rs.6,000
(iv) Betting in horse races	Rs.4,000

48. List out the deductions u/s 80 C.

49. Write any ten incomes included under Income from Other Sources

50. Write any ten exempted incomes

K4 and k5 level questions:

1. How will you determine the residential status of an individual?
2. Mr. Ford an American national was appointed as Senior Scientific Officer in India on 1st April 2009. On 31st January, 2015 he went to Sri Lanka on deputation for a period of three years but left his wife and children, in India. On 1st May 2016, he came to India and took with him his family to Sri Lanka on 30th June, 2016. He returned to India and joined his original job on 20th Dec., 2017. What would be the status of Mr. Ford for income tax purposes for the assessment years 2015-16, 2016-17, 2017-18 and 2018-19?
3. Mr. Suresh furnishes the following particulars of his income earned during the previous year and relevant to the assessment year 2018-19:

Rs.	
Interest on German Development Bonds (one -third is received in India)	51,000
Income from agriculture in Bangladesh, remitted to India	31,000
Income from property in Canada received in USA	1,10,000
Income earned from business in Kuwait, business being controlled from Mumbai (Rs.25,000 is received in India)	65,000
Dividend from an Indian company	15,000
Royalty received in Singapore from Mr. David, a resident in India, for technical services provided for a business carried on in Singapore	25,000
Profit from a business in Chennai this is controlled from Singapore	1,25,000
Profit on sale of a building in India, but received in Nepal	2,50,000
Income from agriculture in Punjab received in Mumbai	30,000
Profit from business in Indonesia is business is controlled from Delhi (60% of the profit deposited in a bank there and 40% is remitted to India)	40,000

Interest received from Mr. Dayal, a non-resident on the loan provided to him for a business in India 28,000

Compute his gross total income if he is;

- i. Resident ii) Not Ordinarily Resident iii) Non – Resident.

4. Define the head salary. What are the characteristics of salary?

5. Compute gross salary from information given below for each situation separately:

- i. Salary @ Rs.30, 000 p.m.
- ii. D.A. @ Rs.6, 000 p.m.
- iii. C.C.A. @ Rs.1, 000 p.m.
- iv. House Rent Allowance @ Rs.8,000 p.m.
- v. Commission on turnover achieved by him is Rs. 40,000

Situation

(a) Living in own house

(b) Living in rented house at Delhi and D.A. enters into pay for retirement benefits and rent paid is Rs.7, 000 p.m.

(c) Living in rented house at Chandigarh and D.A. does not enter into pay for retirement benefits and rent paid is Rs.10, 000 p.m.

6. Mr. Jaideep who is working with a company at Delhi submits the following information about his salary income for the previous year 2016-17.

	Rs.
Salary	8,000 p.m.
Dearness allowance	2,000 p.m.
Bonus	15,000

His employer paid him Rs.2000 p.m. as house rent allowance up to 30.11.2016 and it was raised to Rs.5000 p.m. from 1.12.2016. He lived with his parents in a house owned by his father and no rent was paid by him. From 1.12.2016 he shifted to a rented house and paid Rs.5000 p.m. as rent.

Compute his gross salary for the assessment year 2017-18 if his salary is due on last date of month.

7. Mr.A.B. Sen has furnished following particulars:
- i. Salary @ Rs.10, 000p.m.
 - ii. Dearness allowance @ Rs.500 p.m. (it enters into pay for retirement benefits).
 - iii. Entertainment allowance @ Rs.600p.m.
 - iv. Bonus Rs.8,400
 - v. Cost of furnishing Rs.20,000

Calculate the value of rent free house if:

Case I. Mr.A.B. Sen is Govt. employee and rent of house fixed by Govt. is Rs.300 p.m.

Case II. Mr.A.B. Sen is working in a semi Govt. undertaking at Chennai (population more than 25 lakhs) and fair rental value of the house is Rs.1000p.m.

Case III. Mr.A.B. Sen is working in private sector @ Chandigarh (population below 10 lakhs) and fair rental value of the house is hired by employer is Rs.3000p.m. he is also provided with hired refrigerator whose higher charges of Rs.600p.m. are paid by employer.

Case IV. Mr.A.B. Sen is working in private sector @ Delhi (population above 25 lakhs) and rental value of the house not owned by employer is Rs.3000p.m.

8. Mr. R, a bank manager was transferred to Jaipur where he stayed in hotel free of rent. His salary particulars are:

	Rs.
Salary	20,000 p.m
D.A under the terms of employment treated as pay	5,000 p.m
Education allowance for two children @ Rs.250 p.m per child	
Transport Allowance	1,000 p.m
Entertainment allowance	4,000 p.m

Calculate the value of rent free accommodation if he stayed in hotel for

- (a) 12 days and actual bill is Rs. 3,600
- (b) 41 days and actual bill is Rs. 38,450.

9. Mr. Sen gupta retired on 31.5.2017 and his pension was fixed at Rs.15,000 p.m. His salary at the time of retirement was Rs.25,000 p.m. Compute the taxable amount from salary and pension for the previous year 2017-18 in following situations if salary and pension are

due on 1st of every month:

- He gets 1/3 of his pension commuted from his employer (which is Punjab Govt.) and gets Rs.3, 00,000 as commuted value.
- He gets 1/2 of his pension commuted from his employer (a company) and gets Rs.4,50,000 as commuted value. Company has given him gratuity also.
- He commutes 3/4th of his pension during January 2018 and gets Rs.6,75,000 as commuted value.
- He does not get any gratuity from his employer which is a company.

10. A,B,C are three friends owning equally a house property consisting of six identical units it was constructed on 1st July 2014. One unit is self occupied by each one of them for their residence. The remain three units are let out on a monthly rent of Rs 7,500 per unit .The municipal value of house property is Rs 5,00,000 and municipal tax is Rs 1,25,000 The other expenses as follow:

	Rs.
i) Collection and repairs charges	7,500
ii) Insurance premium	15,000
iii) Interest on loan taken for construction of house	1,62,500

One of the let out units remained vacant for two month.Mr B could not occupy his unit as he was transferred to some other city.He does not own any other house property. The other taxable incomes A,B,C are Rs 1,50,000 RS2,00,000 Rs 3,00,000 respectively.Compute the taxable income under the head income from house property for the assessment year 2018-19.

11.

Mr W

own two self occupied houses in Ambala from the following information find out the which house should choose as self occupied house

House A

House B

Standard rent fixed under Rent control Act	36,000	56,000
Fair rent	42,000	62,000
Municipal valuation	24,000	44,000
Municipal tax(paid)	1,200	1,200
Municipal tax (Due)	1,200	1,200
Ground rent(paid)	1,000	5,00

Due of completion of these house was 31-1-2015 Mr W had taken a loan of Rs 2,50,000 @10%p.a for construction of House A on 1-6-2013 and he repaid Rs 2,00,000 on 1-10-2017.

12. Mr Ansari

is owner for the two house property following information about these:

	House A	House B
Standard rent	15,000 p.a	-
Fair rental value	18,000 p.a	24,000 p.a
Municipal rental value	12,000 p.a	20,000 p.a
Actual rent	12,000 p.a	Self occupied
Municipal taxation	1,200	10% of MRV
Ground rent	4,00	-
Fire insurance premium	5,00	400 p.a
Interest on the loan for the construction		
House for the year 2014-15	4,000	11,000
2015-16	4,000	11,000
2016-17	3,000	11,000
2017-18	3,000	7,000

Calculate the income from the house property for the year ended 31-3-2018.

13. Ram Prasad is a registered medical practitioner. He has prepared the following income and expenditure account for the year during 31st March 2018 you are required to prepare a statement showing hiss income from profession.

Income and Expenditure account

Expenses	Amount Rs.	Income	Amount Rs.
Household expenses	20,000	consultation fees	10,000
Car purchase	20,000	visiting fees	20,000
Travelling expenses	4,000	Gains on race	10,000
Charity& Donation	1,000	share in sale of ancestral house	34,000
Income tax	2,000	Profit on sale of securities	6,000
Salaries	8,000	Dividend on share	5,000
Gift to daughter	7,000	Interest on PO saving bank	600
Establishment exp	1,000	Gift from the father in law	2,000
Surgical equipments	4,000	Bad debts received	2,000
Books	2,000	Interest on fixed deposit	1,300
Life insurance premium	2,000		
Wealth tax	1,000		
Interest on capital	1,000		
Surplus	7,900		
	90,900		90,900

Rate of Depreciation allowable on car is 15% and surgical equipments in at 15% in case of book for profession the rate of depreciation is 60%.

14. Mr surajmal is carrying on agency business from the following information compute the income from business for the assessment year 2018-2019

i) Commission earned

- a) @6% on total sales of Rs 4,00,000 from Hindustan lever limited
- b) @5% on total sales of Rs 3,00,000 from Brooke Bond India
- c) @4% on total sales of Rs 2,00,000 Glaxo company
- d) @7% on total sales of Rs 5,00,000 from proctor and gamble

ii) Compensation received from tata oil for termination of their agency Rs 40,000

iii) Commission received from godraj Co., 8% on total sale of Rs 1,25,000 he paid compensation to that and sirsi Rs 10,000 for getting some modification in the term of agency agreement with term The following expenses have been incurred:

Rent of the building Rs 16000 salary to staff Rs 15,000 Advertisement Rs 25000 Printing and stationery miscellaneous exp Rs 14000 Half of the building is used by him as his resident.

15. Mr H submits the following particulars about sale of the assets during the year 2017-2018:

	Jewellery	plot	gold
Sale of price	5,00,000	20,24,000	2,40,000
Expenses on sale	Nil	24,000	Nil
Cost of acquisition	1,50,000	7,00,000	80,000
Year of acquisition	2007-08	2004-05	2009-10
C.I.I	129	113	148

He paid purchased a house for Rs 12,00,000 on 1.3.2018.Calculated the amount of taxation capital gain if C.I.I for 2017-18 is 272.

16. From the following particular of Mr Amarpreet compute the amount of taxation gifts chargeable as “Income under the head of other sources”

- i) He received a cheque of Rs 1,00,000 as gift from his grandfather on 15 may 2017
- ii) He received Rs 21,000 from his friend from Canada as gift on 31 may 2017
- iii) He received Rs 5,00,000 under a will from his grandfather on 30 june 2017
- iv) He received Rs 50,000 from his father’s friend on 30 june 2017
- v) He received Rs 75,000 as gift from his uncle on 30 september 2017 on his birthday
- vi) He received Rs 20,000 as gift from his employee on 1 oct 2017
- vii) He received a gift of Rs 51,000 from his father’s brother on 30 nov 2017.

17. Sri mukund furniture the following particulars of the income for the previous year 2017-18 compute his total income:

i) Dividend equity	600
ii) Dividend on preference share	3,200
iii) Income from letting on hire of building on machinery composite lease	17,000
iv) Interest on the bank deposits	2,500
v) Director sitting fees	1,200

vi) Ground rent	600
vii) Income from undisclosed sources	10,000
viii) Income from lotteries	10,000

The following deduction is claimed by him:

- a) Collection charges of dividend Rs 20
- b) Allowance depreciation on building and machinery Rs 4000
- c) Fire insurance on machinery and building is Rs 100.

18. Mr Krishna received a gift of a house in nov 2007. Mr k hedge who had purchased in nov 1997 for 6,30,000, Mr k hedge renovated house in march 1998 at cost of 2,70,000 its FMV on 1-4-2001 was RS 10,00,000. In 1998-99 Mr k hedge had agreed to sell the house and had received RS 1,00,000 as advance money. The sale could materialise not advance money and forfeited. The house was further renovated in 2010-11 a cost of 2,00,000. Kirshna sold the house in Dec 2017 for Rs 35,60,000 and paid Rs 60,000 as brokerage amount. Compute his capital taxation gains, if C.I.I for 2001-02 was 100, for 2007-08 was 129 and for 2017-18 it 272.
19. Determine the chart showing the computation of business income.
20. Income of D and Mr D for the previous year 2017-18 is follow

	Mr D	Mrs .D
Salary from Himalayas ltd	2,15,000	Nil
Capital gain:Short term	90,000	Nil
Income from the other sources:		
Bank interest	12,000	6,250
Interest on Gov securities	3,600	2,750
	3,20,000	9,000

D having no qualification or experience is employed by Himalaya ltd Mrs D hold 22% equity share capital in Himalaya ltd from September 12,2017. Find out the gross total income of D and Ms D for the assessment year 2018-19.

21. Mr Arul an Indian resident furniture the following particular for income for assessment year 2017- 18. You are required to deal with set off and carry forward losses.

I) Income from securities	10,000
ii) Income from the residential house	5,000
iii) Profit from the Rayon business	25,000
iv) Income from the agency business	2,000
v) speculation income	2,000
vi) Short term capital gain	4,000
vii) Long term capital gain	9.500

The carry following item from the assessment year os 2017-18 are

i) Loss from the Hosiery Business	4,000
ii) Loss in agency business	3,000
iii) Loss from rayon business	3,000
iv) Speculation loss	4,000
v) Short term capital loss	6,000
vi) Long term capital loss[for previous yr of 2015-16]	6,500

Current year depreciation for rayon business is Rs 500.

22. Mrs x gifted gold jewellery worth Rs 1,00,000 to his wife Mrs x on 1-1-2002 which was acquired on same day. On 1-5-2002 Mrs x sold this jewellery for Rs 1,25,000 and invested the same in a plot for Rs 2,50000. The remaining amount was paid by her out of her own fund. The plot was sold Rs 9,00,000 on 1-11-2017.

Compute the income chargeable to tax in the hand of Mrs x and Mrs x on the sale of jewellery as well as plot if C.I.I for 2001-02 is 100 for 2002-03 is 150 and for 2017-18 272.

23. From the following particular compute the total income of Mr David for the assessment year of 2018-19.

Loss from the hose property	(-)8,000
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Short term capital gain on sale of share	95,000
Long term capital gain on sale of share	(-)85,000
Other sources:	
Interest on gov securities	18,000

The assessment year has unabsorbed depreciation of Rs 35,000 being brought forward from 2006-07.assessment had closed the business and all the asset have been disclosed of.

24. Mr Ram Patel submit the following information of his income and losses for the year ending 31-3-18:

salary income	24,000
Income from a house property:	
House A	10,000
House B	40,000
House C	28,000
Income from business:	
Cloth business(profit)	10,000
Hardware business(loss)	12,000
Speculation (profit)	12,000
Speculation(loss)	17,000
Capital gain:	
Short term(gain)	8,000
Short term (loss)	24,000
Long term (gain)	8,000
Other sources:	
Income from betting	12,000
Loss from card game	6,000
Income from card game	9,000
Income from securities	8,000

25. Shri. Bhutani who is a resident of India furnished the following particulars for the previous year ended 31st March 2018.

- a. Rs. 10,000 units of Mutual Fund (Gross Income Rs. 1,200)
- b. Rs. 3,000 in Post office Savings Bank Account which earns interest @ 4 % per annum
- c. Rs. 45,000 in Fixed Deposit Account with Allahabad Bank on which interest @ 9% is payable
- d. 12% Rs. 40,000 Debentures (Listed) of Tea Company

- e. Rs. 2,000 interest received on National development Bonds
- f. Rs. 1,000 interest received on the debentures of a Co-operative society
- g. 10% U.P. State Electricity Board Bonds Rs 20,000
- h. Rs. 10,000 in 7 year Post Office National Savings Certificate interest @ 7% per annum is payable on the same every year
- i. Rs. 36,000, 10% Tax-free Debentures of Agra Municipal Corporation. Interest being payable on 31st December
- j. Rs. 900 received by an Account Payee cheque as interest on Debentures (Listed) of a company in which public are substantially interested
He collected the entire interest himself and claimed Rs 200 as his own fees for collection of interest
- k. Interest on Post Office National Saving Certificates VIII issue Rs. 5,000.

Calculate the taxable income under the head ‘Income from Other Sources’ for the assessment year 2018-19.
