

INCOME TAX – 17UCO306

K1 LEVEL QUESTIONS

UNIT-I

1. Previous year refers to the financial year of twelve months starting from
 - (a) **Twelve months preceeding the assessment year**
 - (b) Twelve months following the assessment year
 - (c) None of the above (d) Both (a) and (b)
2. Direct Tax is getting from_____.
 - A. customer B. buyer C. employees **D. persons**
3. The year in which income is earned is called
 - a) **Previous Year** b) Assessment Year c) Current Year d) None of these
4. Members of ----- are called Co-parceners.
 - a) Individual **b) HUF** c) Company d) Firm
5. Rate of income-tax are fixed under_____.
 - a) The Income Tax Act b) The Finance Act
 - c) An Ordinance **d) Notification of C.B.D.T.**
6. An individual who wants to be resident of india must satisfy at least'
 - a) **One of the two basic conditions** b) Both the basic conditions c) Both the additional conditions d) None of these.
7. A person is Non resident if he fails to fulfil
 - a) The additional conditions b) At least one of the basic condition c) **Both basic condition** d) None of these.
8. Income received in India is taxable in the hands of
 - a) Resident only b) Resident and Ordinary resident c) Non-resident **d) All assesses**
9. Income tax is levied as
 - a) **Direct tax** b) Indirect tax c) Local tax d) Wealth tax

10. The person who has to pay tax or other sum of money payable under Income Tax act is

- a) **Assessee** b) Client c) Debtor d) Creditor

UNIT-II

1. Salary paid by an employer out of capital will be _____.
A. a revenue receipt in the hands of employee B. a capital receipt in the hands of employee
C. a casual receipt D. None of the above
2. Family pension received by legal heirs or widow, will be taxed under the head
a) Salary b) **Other Sources** c) Not taxable d) Both salary and Other sources
3. All perquisites and allowances paid by government to its employees serving Outside India is -----
Fully taxable b) Partly taxable c) **Fully exempted** d) none of the above
4. ----- fund is maintained by Industrial undertakings, banks etc
a. **RPF** b) PPF c) SPF d) URPF
5. Non-cash benefit is known as _____
Allowances **b) Perquisites** c) Both (a) and (b) d) None of these
6. The provident fund applicable to Government employees is _____
Public Provident Fund b) Unrecognized Provident Fund
Recognized Provident Fund d) Statutory Provident Fund
7. Employers' contribution to RPF is exempted up to _____
9.5% b) 10% **c) 12%** d) 7.5%
8. Gratuity received by a Govt. employee is:
a) fully taxable **b) fully exempted**
C) Taxable up to 10% of salary d) partly taxable
9. Education allowance is exempted upto a maximum of
a. **two children** b) One child c) Three children d) four children
10. Leave encashment received during service by govt or non-govt employee is
a. fully exempted b) partially exempted c) **fully taxable** d) Employer has to pay tax on it.

UNIT-III

1. Bad debts allowed earlier and recovered latter on is.
 - a) **Business income.**
 - b) Non business income.
 - c) Exempted income.
 - d) Income from other sources
2. Profits earned from an illegal business are
 - a. **Taxable** b) Tax free c) Ignored by tax authorities d) treated as other source.
3. Unabsorbed capital expenditure on scientific research can be carried forward for
 - a. 10 years b) 5 years c) 8 years d) **Indefinite period**
4. Rate of depreciation on furniture is
 - a. **10%** b) 5% c) 20% d) 30%
5. Repairs incurred before installation of an asset is
 - a. **Capital expenditure** b) Revenue expenditure c) Non business expenditure d) None of these.
6. Interest on loan borrowed for acquisition of an asset till the date of installation is
 - a. **Capital expenditure** b) Revenue expenditure c) Non business expenditure d) None of these.
7. Professional expenses are allowed on
 - a. accrual basis b) **Payment basis** c) Both d) None of these
8. Deemed profits are
 - a. fully exempted b) **fully taxed** c) Partially exempted d) Treated as income of earlier years
9. Preliminary expenses shall be allowed as deduction in
 - a. **5 instalments** b) 10 instalments c) 15 instalments d) 12 instalments
10. Technical know-how acquired after 01-04-1998 is eligible for depreciation at
 - a. 10% p.a b) 15% p.a c) 20% p.a d) **25%p.a**

UNIT-IV

1. Any cost which is proportionately converted with "Cost Inflation Index" is termed as
 - d) (a) Cost
 - (b) Cost of acquisition
 - e) (c) Cost of improvement
 - (d) **Indexed Cost**
2. Who will be taxed under the head House Property?
 - f) (a) **Owner of the property**
 - (b) Tenant of the property

- g) (c) Both Owner and Tenant (d) No one will be taxed
3. Annual value of self occupied house is _____.
- h) A. **always nil** B. always fully taxable
i) C. higher of MRV/FRV D. None of these
4. Self-Occupied house is one
- a) **Which is occupied by the owner** b) which is occupied by relatives of the Owner c) which is occupied by friends of the owner d) None of the above
5. Any income from house property held for charitable purpose is ----
- a) Fully taxable b) **Fully exempted** c) Business Income d) Capital Gain
6. Unrealised rent allowed earlier and recovered later on is
- a) **Income from house property** b) exempted income c) Income from other sources d) to be ignored
7. Shares held for less than 12 months are
- a) **Short term capital asset** b) Long term capital asset c) Exempted Capital asset d) None of these
8. Indexation is applicable to
- a) Sale of longterm capital assets b) Sale of long term debentures c) Sale of depreciable capital assets d) **Sale of long term capital assets which are not depreciable assets.**
9. Exemption under section 54 is allowed
- a) on sale of land b) on sale of shares c) **on sale of residential house** d) sale of personal effects.
10. Capital gain on compulsory acquisition of urban agricultural land is
- a) **Exempted capital gain** b) Taxable capital gain c) Partially taxable d) None of these

UNIT-V

1. Speculation Loss can be carried forward for.
- A. 8 years B. 10years C. 5years D. **4years**
2. Long term capital loss to be set-off only from -----
- a) **LTCG** b) STCG c) Both d) speculation loss.
3. Unabsorbed depreciation can be carried forward for
- a) 8 Years b) 4 Years c) 10 years d) **Unlimited period.**
4. Loss under the head capital gain can be carried forward to

- a) **8 Years** b) 4 Years c) 10 years d) Unlimited period.
5. Loss under the head house property can not be set off against
a) Salary Income b) Business Income c) Capital gains d) **Casual Income**
6. Dividends from co-operative societies are
a) Exempted b) **Taxable** c) Partially taxable d) None of these
7. Family pension is subject to
a) Standard deduction b) Taxable at 10% c) Taxable at 20% d) Taxable at 30%
8. Interest on securities accrues
a) Day by Day b) Quarterly c) **After fixed period mentioned** d) None of these.
9. Deductions u/s 80D is in respect of
a) Pension fund contribution b) **Medical Insurance Premium** c) LIC Premium
d) Repayable of educational Loan
10. Which of the following is not to be included to compute gross qualifying amount for section 80C?
a) Contribution to PPF b) Subscription to NSS c) Payment of LIC Premium **d) Payment of School fees of a poor neighbour's children.**

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K2 LEVEL QUESTIONS

UNIT-I

1. What is meant by Assessment year?

It means the period of 12 months commencing on the 1st day of April every year

2. When an individual becomes resident?

If he is in India during the relevant previous year for a period amounting in all to 182 days or more.

3. When a company becomes non-resident?

Any company which is incorporated outside India and has its control or management outside India during relevant previous year is non-resident company.

4. Give the general rule under Income Tax Act.

It is that income earned during a previous year is taxed in its relevant assessment year.

5. List out any two types of foreign income.

a) Income earned outside India and also received outside India

b) Any income which is not earned or accrues or arises in India

6. Specify any two examples for Income deemed to be received in India.

Employer's contribution to RPF and Income from undisclosed sources

7. What do you mean by ordinary resident?

Satisfying any one of the two conditions given u/s 6(1) + satisfying both the additional conditions of sec 6(6) a and b

8. Who is assessee in default?

If he fails to fulfill his statutory obligations

9. What is gross total income?

Salary Income+ House Property Income + Business or Profession Income + Capital Gains + Income from other sources – Set off of Losses

10. Who is an assessee?

It means a person by whom any tax or any other sum of money is payable under the Income tax act.

UNIT -II

1. Give the meaning of the term “Allowances”

Any amount or sum allowed regularly.

2. State the various types of Provident fund.

a) Recognised Provident fund b) Unrecognised Provident fund

3. Mention the exemption limit for children education allowances and Hostel expenditure allowances.

Children education allowance: It shall be exempted upto Rs.100 p.m per child for two children only

Hostel allowance : It shall be exempted upto Rs.300 p.m per child for maximum of two children only

4. State any two characteristics of salary.

a) Relationship of employer and employee b) Salary received as Member of Parliament

5. Give two examples for partly taxable allowances.

a) Transport allowance b) Children education allowance

6. What is meant by perquisite?

Any casual emolument attached to an office.

7. Give the meaning of gratuity.

It refers to lump sum payment made by an employer to his employee at the time of leaving job to appreciation of his long and loyal services.

8. What is recognized Provident fund?

It is the fund to which the commissioner of Income tax has given the recognition as required under the income tax act.

9. State any two tax free Perquisites.

a) Free refreshment during working hours b) Free ration received by member of armed forces.

10. What is commuted value of Pension?

Lump sum amount received by an employee from his employer in lieu of periodical pension.

UNIT -III

1. What is meant by profession?

It is an occupation requiring purely intellectual skill.

2. Define the term 'Business'.

Any economic activity carried on for earning profit.

3. How will you treat the expenditure on premises in Business?

Generally, expenditure incurred on renovation or refurbishment works (R&R costs) carried out on the business premises of a taxpayer is not allowable as a tax deduction if such expenses are capital in nature.

4. Give the meaning of the term Deemed Profit.

It means incremental revenues.

5. Mention the meaning of the term Expenditure on Scientific Research.

Activities for the extension of knowledge in the fields of natural and applied sciences.

6. What are the provisions relating to preliminary expenses?

As per Section 35 of The Income Tax Act 1961, the total preliminary expenses cannot be more than 5 % of the capital employed, which can be amortised in five equal instalments, this also means that a company cannot write off ..

7. What are the incomes chargeable to tax under the head Business?

Income of a Trade and Export incentives.

8. State any two examples of expenses which are expressly disallowed.

Expenses of illegal business and Capital expenses

9. What are expressly disallowed expenses?

Personal expenses and speculation loss

10. State any two professional receipts in case of Chartered Accountant.

a) Audit fees b) Consultancy services

UNIT -IV

1. How to adjust the loss of short-term capital asset?

Short term capital loss can be set off from income under short term capital gains or from long term capital gain

2. What do you mean by net annual value?

Net annual value [countable, uncountable] the amount of rent that could be charged for a house, land etc, used in Britain as a basis for calculating local taxes The tax base, or rateable value, is the net annual value of the property occupied.

3. What are the rules regarding the valuation of House rent Allowance?

HRA exemption up to a minimum of the following 3 amounts: Actual House Rent Allowance (HRA) received by the employee in the year. Rent paid by the employee for his accommodation in excess of 10% of his salary.

4. What is meant by sub-letting?

To let a leased property to another tenant

5. Define Annual value.

The net yearly income derivable from a given piece of property ; its fair rental value for one year, deducting costs and expenses; the value of its use for a year.

6. What do you mean by unrealized rent?

Unrealized rent is the portion of house rent amount which is not realized from the tenant for some reason.

7. What is meant by Self-occupied house?

A self Occupied property is one which is used by the person for his own residential purpose.

8. When do you understand by long term capital gain?

A long-term capital gain or loss comes from a qualifying investment that was owned for longer than 12 months before being sold.

9. What are the types of capital gain?

a) Short term capital gain and b) Long term capital gain

10. What is speculation loss?

Loss from a speculative business is speculation loss while loss suffered by in a sale cum transfer of a capital asset is capital loss.

UNIT -V

1. Mention the any two examples of income from other sources.

a) Income received on subletting of the house and b) Income from agricultural land situated outside india.

2. Give any two incomes chargeable under the head “General incomes”.

a) Family pension received by legal heirs of employee b) Remuneration for lectures delivered outside india.

3. How to adjust the speculation losses?

It can be carried forward for four succeeding previous years to be set off only from speculation gain if any during the succeeding four previous years.

4. Bring out any four deductions u/s 80.

80C – for savings , 80D- Health Insurance , 80E- Interest on loan taken for studies, 80U- Medically Handicapped or Mentally retarded assessee

5. What is interest?

Money paid regularly at a particular rate for the use of money lent, or for delaying the repayment of a deb

6. What are the provisions regarding set-off of house property losses?

Loss under this head can be C/F for eight succeeding previous years to be set off from income under the head house property only.

7. Specify the rules of set-off of capital losses.

Short term capital loss can be C/F for 8 succeeding previous years to be set off from short term or long term capital gains

Long term capital loss can be carried forward for 8 succeeding previous years to be set off only from long term capital gains.

8. What is casual income?

Casual income is a non recurring income that is not likely to occur again in a year. It is an income which is earned by chance. Such income is neither anticipated nor provided for in any agreement. Such incomes are received at uncertain times

9. What is meant by dividend?

A dividend is the distribution of reward from a portion of company's earnings and is paid to a class of its shareholders. Dividends are decided and managed by the company's board of directors, though they must be approved by the shareholders through their voting rights.

10. What is income from undisclosed source?

Undisclosed income is the income which the assessee has not shown in his Income Tax Return and thereby not paid income tax on it.

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K3 LEVEL QUESTIONS

UNIT-I

1. Briefly explain the characteristics of income.
2. Write short notes on: (i) Person (ii) Assessment year (iii) Previous year.
3. Distinguish between resident and nonresident.
4. State the types of assessee.
5. Mr.K.V.Rao, a senior scientist goes to Nigeria on a job approved by the Govt for a period of 3 years on 15th Sep 2017. He has never been out of India before. Determine his residential status for the previous year 2017-2018.

UNIT-II

1. Mr. A gets salary of Rs.12,000 p.m. and is provided with rent free unfurnished accommodation at Ludhiana (Population 20 lakhs as per latest census) whose fair rental value is Rs.1,300 p.m. He gets leave encashment for the current previous year of Rs.6,000 during the year. House was provided to him with effect from 1-7-2016. His salary is due on 1st day of every month. Calculate the value of rent-free accommodation and gross salary.
2. From the particulars given below compute his gross salary:

	Rs.
a) Salary	4,80,000
b) Bonus	12,000
c) Free gas, electricity, water etc. (actual bills paid by company)	6,000
d)Furnished flat provided to the employee at Kanpur [Population above 25 lakhs] for which actual rent paid by the company	78,000
e)The employee pays Rs.1,000 p.m. as rent to the company.	
f)Furniture at cost (including television, fridge and air-conditioner)	50,000

3. Compute taxable part of annual accretion from information given below:

i) Salary @ Rs.48000p.m

ii) Commission @ 1% of turnover of Rs.80,00,000 achieved by him during the previous year.

iii) Employer's contribution to RPF @ 7000 p.m

iv) Interest credited to RPF balance @ 12% p.a is Rs.72000

4) Mr.A an employer of D Ltd receives Rs.5,40,000 as gratuity. He is not covered under payment of Gratuity Act. He retires from service on 31.01.2018 after 28years and 9 months service. At the time of retirement his monthly salary was Rs.30,000. Find out the amount of gratuity exempt u/s 10(10)

5) Mr. y is employed at Amritsar on a salary of Rs.3000p.m. The employer is paying HRA 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.

UNIT-III

1. Give any five examples of expenses which are expressly disallowed.

2. Mr. D.D. Dewan & Company are 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
“	Office rent	42,000	“	Financial consultancy service	98,000
“	Telephone installation charges		“	Dividends from an Indian	
	under O.Y.T. scheme	15,000		company (Gross)	6,000
“	Electricity bill	4,200	“	Dividend on units of UTI	4,000
“	Salary of Staff	66,000	“	Accountancy works	24,000
“	Charities	1,200			
“	Gifts given to relatives	9,600			
“	Car Expenses	21,000			
“	Subscription for Journals	2,500			
“	Institute fee	1,200			
“	Stipends given to trainees	12,000			
“	Net Income	1,33,300			

3,56,000

3,56,000

Notes: 1. Depreciation of car during the year amounts to Rs.5,000.

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

3. Give the format of computation of professional Income of a Medical Practitioner.

4. Following is the profit and loss account of Kesari Mallya for the previous year 2017-2018

	Rs.		Rs
To Salaries	25650	By Gross Profit	80000
To Rent	1000	By Bank Interest	450
To Commission on Sales	100	By Bad debts recovered	2000
To Income tax	2600	By Income from House Property	4800
To Entertainment expenses	600	By Interest on commercial securities	2000
To Commission paid to collect interest on securities	25		
To Embezzlement by cashier	1000		
To Municipal tax (House)	600		
To Bad debts (allowed)	450		
To Repairs to house	1625		
To Office expenses	9180		
To Depreciation	5000		
To LIC Premium	1320		
To Net Profit	40100		
Total	89250		89250

Allowable Depreciation on the asset is Rs.4500

Compute the taxable business income for the assessment year 2018-2019

5. The following is the P& L Account of a merchant for the year ending 31.3.2017.

PROFIT AND LOSS ACCOUNT

	Rs.		Rs.
To office salary	6500	by gross profit	36750
To bad debt written off	1700	by commission	1250
To provision for bad debts	3000	by discounts	500
To advertisement	3800	by sundry receipts	200
To fire insurance(for House)	550	by rent of building	3600
To general expenses	2750	by profit on sale of investment	3000
To depreciation	1200		
To interest on capital	2000		
To interest on bank loan(due)	1300		
To net profit	22500		
	-----		-----
	45300		45300

Compute the taxable profits from business. The amount of depreciation is Rs.1000. interest on bank loan was paid on 1.8.2016. Due date of filing of return is 31.7.2017.

UNIT-IV

1. State the provisions regarding house rent allowance.
2. From the particulars given below compute ARV in each case separately:

Rental Value	A (Rs.)	B (Rs.)
MRV	36000	96000
FRV	45000	116000
REAL RENT	40000	120000
STANDARD RENT	42000	115000

3. Find out the indexed cost and Capital gain in following case:

	Rs.
Cost of acquisition of house at Delhi in 1996-1997	50000
Fair Market value on 1.04.2001 (CII = 100)	460000
Cost of additions made in 2008-2009 (CII = 137)	320000
Sale price of the house on 1-11-2017 (CII = 272)	2860000
Expenses on sale	60000

4. Compute the total income of Mr. Reddy from the particulars given below for the previous years 2016-17 and 2017-18:

	Previous year (2016-17)	Previous year (2017-18)
	Rs.	Rs.
<i>House Property</i>		
Self occupied house	5,000	5,000
Interest on Loan		
<i>Let out house</i>		
Loss due to interest and other expenses	36,000	NIL
Income from other sources	(+) 11,000	(+) 11,000

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

	Rs.
Cost of acquisition in 1976-77	4,00,000
Cost of improvement made in 1979-1980	1,00,000
Fair Market Value on 1-4-1981 (C.I.I = 100)	50,000
Cost of additions made in 1988 -89 (C.I.I = 161)	1,80,000
Sale price of the house on 1-11-2014 (C.I.I=1024)	1,20,000
Expenses of sale	60,000

UNIT-V

1. From the following information compute the income from other sources for the assessment year 2015-2016.

	Rs.
i) Card games loss	12,000
ii) From the activity of owning and maintaining horses for race purposes	
a) Loss at Bombay	40,000
b) Profit at Bangalore	20,000
iii) Dividend (Gross) from Indian companies	6,000

iv) Betting in horse races 4,000

2. 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 2014-2015
	Rs.
Income from salary (Computed)	15,000
Income from interest on Securities (Gross)	5,000
Loss from business	53,000
Short-term capital gain	8,000
Long term capital gain(Land)	21,000

3. Mr.G owns horses at Bombay and Bangalore. These horses run for races at the race course. During the year 2016-17 Mr.G submits the following information:

Expenses on race horses

At Bombay Rs.260000 at Bangalore Rs.430000

Stake money earned by horses

At Bombay Rs.120000 at Bangalore Rs.500000

Mr.G received Rs.105000 on 1.7.2016 on betting during horse races at Bombay .

Compute his taxable income under other sources.

4. Sri Chowdhary gives you following particulars for P.Y. 2017-18:

a) Agricultural income from Srilanka	Rs. 20,000
b) Interest on post Office S.B. account	Rs. 1,000
c) Interest on F.D. from Bank of India	Rs. 9,000
d) Rent from Sub-letting Rs. 1,500 and rent paid on it	Rs. 3,000
e) Dividend from foreign company	Rs. 15,000
f) Winnings from horse race	Rs. 53,500

Compute his income from other sources.

5. 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
Loss from house property B	(-) 8,000
Income from interest on securities	20,000
Loss from a cycle business	- 20,000

Profit from speculation business	20,000
Loss from short-term capital asset	- 6,000
Long-term capital loss	-21000
Long-term capital gain (Investments)	25000

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K4 LEVEL QUESTIONS

UNIT-I

1. How would you determine the residential status of an individual?
2. Discuss the scope of total income.
3. Define Assessee. Explain the exceptions to the general rule.
4. . Mr.K.V.Rao, a senior scientist goes to Nigeria on a job approved by the Govt for a period of 3 years on 15th Sep 2017. He has never been out of India before. Determine his residential status for the previous year 2017-2018.
5. write a shortnotes on i) Person ii) Assessment year iii) Previous Year iv) Gross Total Income

UNIT-II

1. Mr. X an employee of Ranchi [Population 15 lakhs] based company provides the following particulars of his salary income:

	Rs.
(i) Basic Salary	12,000 p.m.
(ii) Profit Bonus	12,000
(iii) Commission on turnover achieved by Mr. X	42,000
(iv) Entertainment allowance	2,000 p.m.
(v) Club facility	6,000
(vi) Transport allowance	1,800 p.m.
(vii) Free use of car of more than 1.6 lt. capacity for both personal and employment purposes; expenses are met by employer.	
(viii) Rent free house provided by employer. Lease rent paid by employer	6,000 p.m.
(ix) Free education facility for three children of the employee: [Bills issued in the name of employer]	22,500
(x) Gas, water and electricity bills issued in the name of employee but paid by employer	16,800

Compute income under the head salary for the assessment year 2017-18.

2. Mr. X is employed at Hyderabad at a basic salary of Rs. 25,000 p.m. and he also getting following allowances.

	Rs.
1. Dearness allowances	2000 p.m.
2. Lunch allowances	1000 p.m.
3. Servant allowances(he is paying Rs. 1,200 p.m to a servant)	1000 p.m.
4. Transport allowances	2000 p.m.

5. Educational allowances @ 200 p.m. per child for 3 children's	----
6. Hostel allowances to one child	500 p.m.
7. Conveyance allowances	800 p.m.
8. Overtime allowances	2000 p.m.
9. Officiating allowances	2000 p.m.
10. Cash allowances	1200 p.m.
11. Entertainment allowances	2000 p.m.
12. Medical allowances	800 p.m.
13. City compensatory allowances	600 p.m.
14. House Rent allowances	5000 p.m.

He is having a family houses at the place his posting but he is living in a rented houses and is paying a rent of Rs. 7000 p.m. find out his gross salary.

3. The following are the particulars of the income of Shri Arvind for the previous year ending on 31st March

- i) Salary Rs.32000 per month.
- ii) Contribution to recognized Provident Fund Rs.4000 per month
- iii) Employer contributes the same amount as the employee contributes towards P.F
- iv) Dearness allowance Rs.5000p.m. Its is not considered for computation of his retirement benefits.
- v) Interest credited to P.F. @ 13% is Rs.13,000
- vi) Contribution to Public Provident Fund is Rs.9000
- vii) Bonus Rs.30,000
- viii) His ration bill of Rs.2000 p.m is paid by employer.
- ix) Premium of life policy is Rs.12000 on a policy of Rs.1,00,000
- x) Deposited Rs.4800 in Equity linked Saving Scheme
- xi) Repayment to House Building Loan taken from HDFC(a govt agency) Rs.20500 during the year.

Findout the taxable income of Shri Arvind for the assessment year 2018-2019.

4. Compute taxable part of annual accretion from information given below:

- i) Salary @ Rs.48000p.m
- ii) Commission @ 1% of turnover of Rs.80,00,000 achieved by him during the previous year.
- iii) Employer's contribution to RPF @ 7000 p.m
- iv) Interest credited to RPF balance @ 12% p.a is Rs.72000

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

Basic salary	Rs.15000 p.m
DA(given under the terms of employment)	Rs.5000 p.m
Entertainment allowance	Rs.1000 p.m
Medical allowance	Rs.500 p.m
House rent allowance	Rs.4000 p.m
Rent paid for the house	Rs.5000 p.m

Car of 1.2 lt.capacity provided by employer for private and official use.

Employer meets expenses of car.

He and his employer contribute 15% of salary to R.P.F

Compute income under the head salary for the assessment year 2017-2018.

UNIT-III

1. From the following particulars, compute the business income of Mr.S.R

	Rs.		Rs.
To salaries	90000	by Gross profit	350000
To rent	20000	by dividend	4000
To service charges	4000	by bad debts recovered	4400
To legal expenses	5000	(allowed earlier)	
To reserve for income tax	6000	by interest from post office	1200
To depreciation	12000		
To expenses on acquisition of			
Patent rights	56000		
To Office expense	42000		

To contribution to R.P.F	12000	
To bad debts	4500	
To donation to N.D,F	2500	
To net profit	105000	
	-----	-----
Total	359600	359600
	-----	-----

Legal expenses include Rs.2000 incurred by assessee for defending a case for damages for breach of contract. Depreciation of assets other than patent rights is Rs.16900. contribution to RPF due on 31.3.2017 Rs.2000.

2. Dr. Sthish is Medical Practitioner. He gives you the following summary of cash book for the year ending 31.03.2018.

	Rs.		Rs.
To Balance	10000	By Rent of clinic	18000
To Consultation fess	60000	By Purchase of medicine	38000
To Visiting fee	45000	By Staff Salaries	24000
To Gifts and Presents	8000	By Surgical equipment	40000
To sale of medicine	42000	By Motor car expenses	8000
To Dividend from UTI	6000	By Purchase of motor car	140000
To Life Insurance Maturity	100000	By Household expenses	7000
To Interest from National Defence Bonds	6000	By Closing Balance	2000
	277000		277000

Other informations:

- i) 50% of the motor car expense incurred in connection with profession. Car was purchased in Dec 2017.
- ii) Household expenses include Rs.6800 for life insurance premium
- iii) Gifts and presents include Rs.3000 from relatives.
- iv) Closing stock of Medicine Rs12000 and on 01-04-2017 opening stock was Rs.4000

Compute his professional gain on the assessment year 2018-2019.

3. Dr. Nagendra is a renowned medical practitioner who maintains books of account on cash basis, furnishes receipt and payment account for the previous year 2017-18:

	Receipts	Rs.	Rs.		Payments	Rs.	Rs.
To	Balance b/d		14,000	By	Rent of clinic		
To	Consultation fees:						
	2016-17	3,000			2012-13	600	
	2017-18	15,000			2013-14	4,800	
	2018-19	2,000			2014-15	600	
			20,000				6,000
To	Visiting fees		30,000	By	Electricity & Water		2,000
To	Loan from Bank		25,000	By	House hold Exp.		7,800
To	Sale of Medicines		60,000	By	Purchase of Professional Books		4,000
To	Gift & Presents		5,000	By	Collection charges on Dividend		100
To	Remuneration from			By	Motor Car purchased		30,000
	Journals		6,000	By	Surgical Equipment purchased		4,800
To	Dividend		10,000	By	Income-tax		10,000
To	Interest on Post Office			By	Salary to Staff		15,000
	Savings Bank A/c		7,000	By	Life Insurance Premium		15,000
				By	Gift to wife		5,000
				By	Interest on loan (for profession)		2,000
				By	Car expenses		15,000
				By	Purchase of Medicine		40,000
				By	Balance c/d		20,300
	Total		1,77,000		Total		1,77,000

Compute his taxable professional income for the assessment year 2018-19 after considering the following:

- 1/3 of the use of car relates to his personal use.
- Depreciation on car is to be allowed @ 15% and on books @ 60%.
- Gifts include Rs. 3,000 from patients and Rs. 2,000 from relatives.
- Closing stock of medicine is Rs. 5,500.

4. From the following Profit and Loss Account of a manufacturer, calculate the income under the head 'Profits and Gains of Business of Profession' for the year ending on 31st March.

Salaries to employees	Rs. 95,000	Gross Profit	Rs. 3,80,000
Advertisement expenses (in cash)	24,000	Interest on securities	14,000
General expenses	16,000	Income from house property	25,000
Entertainment expenses	22,000	Bad debts recovered (allowed earlier)	12,000
Bad debts	1,500		
Drawings by the proprietor	24,000		
Sales-tax (due and paid on 1-7-2016)	6,000		
Interest on proprietor's capital	7,000		

Repairs	2,500	
Rent	21,000	
Legal expenses	5,000	
Depreciation	15,000	
Bonus (due)	6,000	
Bonus to the proprietor	4,000	
Car purchased	72,000	
Expenses on car during the year	12,000	
Donations	2,000	
Provisions for bad debts	6,000	
Net Profit	90,000	
	4,31,000	4,31,000

From the examination of books of accounts, the following other informations are available:

- i. Advertisement expenses were spent on insertions in news papers.
- ii. Rs.3,000 were spent on purchase of land and are included in legal expenses.
- iii. Half of the repair expenses were on let-out building.
- iv. Depreciation allowable on all assets including car is Rs.14,400.
- v. Bonus was paid to employees on 30-06-2017 and date of filing of return is 31-7-2017.

5. The following is the P& L Account of a merchant for the year ending 31.3.2017.

PROFIT AND LOSS ACCOUNT

	Rs.		Rs.
To office salary	6500	by gross profit	36750
To bad debt written off	1700	by commission	1250
To provision for bad debts	3000	by discounts	500
To advertisement	3800	by sundry receipts	200
To fire insurance(for House)	550	by rent of building	3600
To general expenses	2750	by profit on sale of investment	3000
To depreciation	1200		
To interest on capital	2000		
To interest on bank loan(due)	1300		
To net profit	22500		
	-----		-----
	45300		45300

Compute the taxable profits from business. The amount of depreciation is Rs.1000. interest on bank loan was paid on 1.8.2016. Due date of filing of return is 31.7.2017.

UNIT-IV

1. Compute income from house property from the particulars given below for the assessment year 2018-2019

	Rs.
Municipal rental value	24000 p.a.
Actual rent received	30000 p.a.
Municipal taxes	2400 p.a.
Date of completion	31.03.2014
Date of letting	01.04.2014
Fire Insurance premium (due)	400 p.a.
Ground rent (due)	600 p.a.
Interest on loan taken to construct the house 2011-2012 to 2016-2017 2017-2018	@ 15000p.a. 10000
Interest on delayed payment of interest	1000

2. Mr. Pawar had only one house in Bombay which he happens to sell on 10th October 2014 (CII for 2014-2015 = 1024) for Rs.27,00,000 . His expenses are as follows:

	Rs.
Cost of plot	1,00,000
Date of purchase of plot 15-12-83 CII : 116)	
Cost of construction in 1989-90 (CII :172)	1,20,000
Additions made in 2001-2002 (CII :426)	80,000

He makes the following investments:

Purchase of Notified Bonds of National Highway Authority of India on 12th March 2015 for Rs.2,00,000.
Purchase of a shop on the same day for Rs.2,00,000. Investment of Rs1,00,000 was made in government securities on 8th April 2015 Rs.5,00,000 was deposited in a Nationalized Bank on 20th June 2015 to be utilized for the purchase or construction of a residential house. Assume that – on 20th March 2016 he withdraws the amount from the bank and purchased a residential house in Delhi for Rs.4,00,000. Determine the taxable amount of capital gains during the relevant previous years.

3. Mr. Ramachandran owns two houses at Chennai. Compute his income from house property for the assessment year 2018-19.

F.R.V.	136,000 p.a.	1,20,000 p.a.
Actual Rent	4,000 p.m.	12,000 p.m.
Municipal Rental Value	40,000 p.a.	1,30,000 p.a.

Standard Rant	38,000 p.a.	N.A.
Municipal Tax	10% of MRV + 2% of Municipal Tax as sewerage cess	10% of MRV + 2% of M. Taxes as sewerage cess
Actual repairs expenses	4,000	12,000
Ground Rent	2,000	2,500
Collection charges	500	1,200
Interest on loan	12,000	48,000
Vacancy period	3 months	
Bonafide unrealized rent of current year	--	36,000

Construction of house II started on 1st November 2013 and he borrowed Rs.4,00,000 @ 12% on 1st July, 2014 for the completion of construction. The house was completed on 30th November 2016 and since then it is let out.

4. A house was completed on April 1, 2016 and following information is available about the house.

	Rs.
MRV	30000 p.a
FRV	32000 p.a
Actual rent	4000 p.m
Municipal taxes	6000 p.a

Let out for the period 1.4.2016 to 31.12.2016 and self occupied from 1.1.2017 onwards.

	Rs.
Fire insurance premium	3600
Interest on loan for the period	
i) 1.4.2011 to 31.3.2014	45000
ii) 1.4.2014 to 31.3.2014	15000

Calculate income from house property for the year ending on 31.3.2017.

5. Compute the total income of Mr. Reddy from the particulars given below for the previous years 2016-17 and 2017-18:

Previous year	Previous year
---------------	---------------

	(2016-17)	(2017-18)
	Rs.	Rs.
<i>House Property</i>		
Self occupied house	5,000	5,000
Interest on Loan		
<i>Let out house</i>		
Loss due to interest and other expenses	36,000	NIL
Income from other sources	(+) 11,000	(+) 11,000

UNIT-V

1. From the particulars given below, compute the total income for the previous year 2017-2018:

	Rs.
i) Income from Let-out house (Computed)	6000
ii) Annual rental value of his self-occupied house	4000
iii) Municipal taxes	400
iv) Profit from electric goods business after depreciation	10000
v) Profit from agency business	3000
vi) Speculation from Gold	2000
vii) Long-term Capital Gain from Land	7000
viii) Short-term Capital Gain	2000

Following losses have been brought forward from 2016-2017 previous year:

	Rs.
i) Loss from electric goods business	6000
ii) Loss from agency business	1000
iii) Speculation loss from silver	4000
iv) Unabsorbed Depreciation	1000
v) Long-term Capital loss	4400
vi) Short-term Capital loss	3000

2. Mr. Atul, an Indian resident, furnishes the following particulars of his income for the assessment year 2017-18. You are required to deal with set-off and carry forward of losses.

i.	Income from securities (Gross)	Rs. 10,000
ii.	Income from residential house (Computed)	5,000
iii.	Profits from Rayon business	25,000
iv.	Income from an 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 forward items from the assessment year 2017-18 are:	
i. Loss from hosiery business (discontinued in 2014-15)	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 (of previous year 2014-15)	6,500
Current year's depreciation for rayon business is Rs.500.	

3.Explain the various incomes exempted u/s 10.

4. 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 2014-2015
	Rs.
Income from salary (Computed)	15,000
Income from interest on Securities (Gross)	5,000
Loss from business	53,000
Short-term capital gain	8,000
Long term capital gain(Land)	21,000

5. A is a Professor in Kolkata College getting salary @ Rs.35000 p.m plus 35% on account of Dearness Allowance. He contributes 12% of his salary to Recognised provident Fund and employer contributes the same amount. He is also hostel warden and has been provided with rent-free unfurnished accommodation whose rental value is Rs.12000 p.m. He owns a house which is let out at Rs.8000 p.m and he pays municipal taxes amounting to Rs.9600p.a

During the previous year he received the following incomes:

- i)12% interest on debentures of Rs.60000
- ii) Rs.2400 dividend from a company
- iii) Rs.13000 as interest on Bank deposits (savings account)
- iv)During the year earned Rs.19400 as interest on Government securities.

He has insured his life for Rs.6,00,000 and paid Rs.60000 as annual premium.

Ascertain his Total income and tax payable for the assessment year 2018-2019.

Population of Kolkata is above 25lakhs.