16UBI513 - INCOME TAX
MULTIPLE CHOICE QUESTIONS.

K1 - LEVEL

1. Income Tax Act was passed in the year _________.

    1947

    1950

    1961

    1991

2. Life Insurance Corporation of India is a _______________.

    AOP

    Firm

    Company

    Individual

3. _________ is an artificial person registered under Indian Companies Act 1956.

    Individual

    Company

    Firm

    Local Authority

4. Which one of the following taxes is not levied by the State Government?

    Entertainment tax

    VAT

    Professional tax

    None of the above

5. The first income tax act was introduced in the year

    1918

    1861

    1860

    1886

6. The apex body of Income Tax Department. is

    Finance Ministry of Central Govt.

    Central Govt. of India.

    CBDT

    Dept. of Revenue

7. Income received or deemed to be received in India (whether accrued in or outside India) is taxable in case of

   Resident

   Not Ordinarily Resident

   Non Resident

   All of the above

8. The Income Tax Act, which is still in force in India, was enforced in

   1922

   1961

   1860

   None of the above

9. Mr. X has started has business from 1st Sept '16 and does not have any other source of income. His first previous year will start from

   1st April '16

   1st Sept '16

   Any of the above

   None of the above.

10. According to Section 2(7) of Income Tax Act "Assessee" means a person

    By whom any tax or other sum of money is payable

    By whom any proceeding under the Act has been taken

    Who is deemed to be an assessee in default under any provision of this Act

    All of the above

11. The house rent allowance (HRA) under the salary head of Income Tax Act is given by_____________.

    Section 10

    Section 10(13A)

    Section11(13B)

    Section11

12. Children Education allowance is exempted for ______ child/ children.

    One

    Two

    Three

    Four

13. Pension is _______________ under the salary head.

Fully taxable

Partially taxable

Not taxable

None of the above

14. The salary, remuneration or compensation received by the partners is taxable under the head ________________.

Income from Other Sources

Income from Business

Salary

None of the above

15. The death-cum-retirement gratuity received by the Government Employee or employee of local authority is ________________.

Partially exempted

Fully exempted

Half taxable

None of the above

16. Under Section 15 of Income Tax Act, the salary due in previous years and even if it is not received is ________________.

Taxable

Not taxable

Partially taxable

None of the above

17. Provident Fund Act was passed in the year ____________.

1932

1956

1925

1922

18. Rent Free Accommodation given to an employee by the employer is a _____________.

Allowance

Perquisite

Profit in lieu of salary

None of the above

19. The Payment of Gratuity Act came into force in________________.

1973

1980

1991

1972

20. The entertainment allowance is applicable to_______________.

Private sector employees

Public sector employees

Government employees

All of the above

21. _______ is the rent fixed under Rent control Act.

Municipal rental value

Fair rental value

Standard rent

Real rent

22. Expected Rent can be determined in the following way

Higher of Municipal Value & Fair Rent

Lower of Municipal Value & Fair Rent

Higher of Municipal Value & Fair Rent subject to maximum of Standard Rent

Any of the above

23. Under the Head Income from House Property, the basis of charge is the ______________ of property.

Annual value

Quarterly value

Half-quarterly value

None of the above

24. Mr. Ram owns a house property. He lent it to Laxman at`10,000 p.m. Laxman sublet it to Mr. Maruti on monthly rent of`20,000 p.m. Rental income of Ram is taxable under the head______________.

Income from Salary

Income from Other Sources

Income from House Property

Income from Business

25. Mr. Ram owns a house property. He lent it to Laxman at` 10,000 p.m. Laxman sublet it to Mr. Maruti on monthly rent of` 20,000 p.m. Rental income of Laxman is taxable under the head______________.

    Income from Salary

    Income from Other Sources

    Income from House Property

    Income from Business

26. The value of concessional loans to employees is determined on the basis of lending rates of _______________ for the same purpose.

    SBI

    RBI

    Central Government

    State Government

27. Deduction from annual value is allowed under ______________.

    Section 24

    Section 25

    Section 27

    Section 28

28. _______% standard deduction is allowed on annual value.

    20

    30

    40

    50

29. For computation of Gross Annual Value, if actual rent is more than expected rent, then we select the ______________.

    Actual rent

    Expected rent

    Any of the above

    None of the above

30. Under the Income Tax Act, 1961, depreciation on machinery is charged on _______________.

    Purchase price of the machinery

    Written down value of the machinery

    Market price of the machinery

All of the above

31. Income chargeable under the head ‘Profits and Gains from Business or Profession’ is covered under _______________.

Section 23

Section 24

Section 28

Section 27

32. The transfer of old movable assets will be tax-free if it is used for _________ .

1 year

5 years

10 years

15 year

33. _______________are not treated as agricultural income.

Income from poultry farming

Income from bee heaving

Purchase of standing crop

All of the above

34. Section 45 of Income Tax Act, 1961 is related to _______________.

Capital assets

Assets

Capital expenses

Capital gain

35. Long-term Capital Loss can only be set off against _______________ .

Long-term capital loss

Short-term capital loss

Long-term capital gain

All of the above

36. Loss from speculation business cannot be set off against profit from any non-speculation business, however_______________.

Loss from non-speculative business can be set off against speculation income

Loss from non-speculative business cannot be set off against speculation income

Profit from non-speculative business can be set off againstspeculation income

None of the above

37. In Income Tax Act, 1961, deduction under sections 80C to 80U cannot exceed ________.

Gross total income

Total income

Income from business or profession

Income from house property

38. Gross interest = Net x 100/100 – rate of _______.

Tax

TDS

Deduction

Exempted

39. Payment of LIC premium can be claimed as deduction u/s _______.

80 C

80 CCC

80 D

80 DD

40. Clubbing of income means _______________.

Addition income of two partners

Inclusion of income of other person in assessee income

Total of income of various heads

Collection of income

41. Minors income is clubbed to _______________.

Father ' s income

Mother 's income

Father's income or mother's income whichever is greater

Both mother's and father's income

42. As per Section 207, _______ not having any income from business or profession is not liable to pay advance tax.

A resident individual who is of the age of below 60 years

A resident HUF

A nonresident individual

A resident senior citizen

43. Generally, long-term capital gain is charged to tax @___________ (plus surcharge and cess as applicable).

10%

15%

20%

30%

44. Mr. Sharma contributed to a political party, he can avail deduction under ________.

Section 80G

Section 80GGB

Section 80GGC

Section 80GGD

45. Rate of education cess on total income is ___________.

2%

3%

4%

0.3%

46. Section 70-79 deals with _____.

Salary

Capital gain

Clubbing of income

Set off and carry forward

47. Income from horse race falls under the head _____.

Salary

Other sources

Profession

Business

48. Deduction can be claimed for amount deposited under Suganya Samridhi Account under___.

80 CC

80 C

80 DD

80 D

49. Deduction on interest on loan taken for studies fall under _____.

80 CC

80 C

80 E

80 D

50. The amount of total income is rounded off to the nearest multiple of ____.

Rs.100

Rs.10

Rs.5

Rs.50

K2 LEVEL

SHORT ANSWERS.

1. Define Tax.

   A tax is a mandatory financial charge or some other type of levy imposed upon a taxpayer (an individual or other legal entity) by a governmental organization in order to fund various public expenditures

2. Define direct tax.

   When the person on whom incidence of tax falls also bears its impact, it is known as direct tax. Therefore, incidence and impact of tax fall on the same person. e.g. Income Tax and Wealth Tax

3. Mention any two exempted incomes.

   Agriculture income [section 10(1)]

   Any sum received by a co-parcener from hindu undivided family [section 10(2)]

   Share of income from the firm [section 10(2a)]

   Interest paid to non-resident [section 10(4)(i)]

4. Who is a assessee?

   Assessee means a person by whom any tax or any other sum of money is Liability as per the Income Tax Act

5. What are the types of PF?

   Recognized Provident fund

   Unrecognised Provident fund

   Statutory Provident fund

   Public Provident fund

6. Who is a deemed assessee?

   A person who is deemed to be an assessee for some other person, is called 'Deemed Assessee'.

7. Who is a assessee in default?

   When a person is responsible for doing any duty under the Act and if he fails to do it, he is called an 'Assessee in default'.

8. Who is a representative assessee?

   Representative assessee means (i) for income of a non-resident the agent of non-resident, (ii)for income of a Minor, Lunatic or Idiot, the Guardian or manager who is entitled to receive such income .

9. What is assessment year?

Assessment Year means the period of 12 months commencing on the first day of April every year. It is, therefore, the period from 1st April every year to 31st of March of next year.

10. Give the heads of income.

Income from the head salary

Income from the house property

Income from business or profession

Income from capital gains

Income from other sources

11. Define salary.

Salary includes

(a) Wages;

(b) Any Annuity or Pension;

(c) Any Gratuity;

(d) Any fees, commission, perquisites or profits in lieu of salary or wages;

(e) Any advance of salary;

(f) Any payment received by an employee for any period of leave not availed by him;

(g)The annual credit to employee account in a Recognised Provident Fund, to the extent to which it is chargeable to tax;

(h) Transferred balance of an employee participating in a Recognised Provident Fund, to the extent it is chargeable to tax

12. Write a note on entertainment allowance.

It is first included in the gross salary (ignoring the amount of deduction available) & then a deduction is available u/s 16(ii)

The deduction for entertainment allowance is given only for Government employees from gross salary and shall be the *minimum of the following three amounts*:

I. Actual entertainment allowance

II. ` 5,000

III. 20% of basic salary.

13. What is an Allowance ?

Payments in cash made by the employer to his employees monthly, other than basic salary, are called an allowance. It is a fixed sum of money paid regularly in addition to salary for the purpose of meeting some particular expenditure*(whether personal or official)* of an employee.

14. Write about House Rent Allowance.

House rent allowance is given by employer to the employee to meet the expenditure in respect of residential accommodation occupied by the employee.

H.R.A to be included under head Salary = HRA received *less* exemption u/s 10(13A)

Exemption u/s. 10(13A):

Minimum of following is exempt

1. Actual HRA
2. Rent paid *less* 10% of Salary
3. 50% of Salary : If rented accommodation in Delhi, Mumbai, Kolkata, Chennai ;

 40% of Salary : In other cities

15. Mention four fully taxable allowances.

 City Compensatory Allowance

Dearness Allowance/Pay

 Medical Allowance

 Lunch/ Tiffin Allowance

 Overtime Allowance, Night shift allowance

 Servant Allowance etc

16. What is perquisites ?

The term ‘perquisite means any benefit, attached to an office or position in addition to salary or wages. Perquisite denotes a personal advantage. For example, if an employee is provided with a servant only for helping him in official duties, it is not a perquisite, as there is no personal benefit to the employee. But if the same servant helps the employee in his domestic obligations only. Then it is a perquisite, being a personal advantage.Perquisite can be given in cash or kind. If it is given in kind it should be capable of being measured in terms of money. Reimbursement of any expenses incurred by the employee, in cash, is also treated as perquisite and not allowance

17. Write a short note on provision for medical facilities in India (to employee / family members).

Medical facilities in India (to employee / Family Members)

1. Hospital maintained by employer - Fully Exempt

2. In Govt Hospital or local authority hospital or Govt. approved hospital or Hospital approved by CCIT (For *prescribed disease* only) - Fully Exempt

3. Premium paid for Health Insurance under approved scheme- Fully Exempt

4. Other case - `15,000/- in P/Y excess if any taxable

18. What are Retirement Benefits?

Retirement benefits consists of following

1. Gratuity
2. Pension
3. Leave salary
4. Compensation on voluntary retirement/Retrenchment compensation
5. Provident fund / Superannuation funds

19. Write a note on pension.

Pension refers to Periodic Payment made by the employer after retirement or death of the employee as a reward for past services rendered by the employee. Pension can be Uncommuted or Commuted.

20. Write a note tax treatment of uncommuted pension.

Pension payable to an employee periodically is known as uncommuted pension e.g. every month, after retirement from service. It is Fully Taxable in the hand of all employees, whether government or non-government.

21. What is Municipal Value?

Municipalities or Municipal corporations impose property/house tax on properties which are under their jurisdiction. For the purpose of levying such tax, valuation of the property is done. The valuation so determined is known as municipal value.

22. What is Standard Rent?

If a property is governed by the provisions of the rent control act, then the rent fixed under the rent control act is known as Standard Rent.

23. What is standard Deduction?

Standard deduction is applicable to house property. This is allowed at a flat rate of 30% of positive Net annual value. If Net annual value is Negative or Nil then such deduction is not allowed. Deduction u/s 24(a) is not available from one self occupied property, whose *NAV* is taken as NIL

24. What are types of rent?

Real rental value, municipal rental value, standard rent, fair rental value, expected rental value.

25. What is subletting?

Subletting is letting a house property to another person by the tenant. Income from subletting falls under income from other source.

26. Define Business.

Business includes any Trade, Commerce or manufacture or any Adventure or concern in the nature of trade, commerce or manufacture

27. Explain Speculation loss.

Loss arising from speculation Business is called speculation loss.

28. Define Profession.

Profession includes vocation were special skill, knowledge is required, ex. Doctor, lawyer.

29. Define the term block of assets.

As per section 2(11) of income tax act 1961 block of assets means a group of assets falling within the same class of assets it contains. a) Tangible assets, being buildings, machinery and plant or furniture.

30. What is illegal income?

Income derived from illegal activities such as bookie/betting operations, theft, embezzlement, and from other illegal resources. Regardless of the source of the income, the money is still considered taxable and must be reported to the Internal Revenue Service as income earned

31. What is Transfer ?

Transfer Includes (a) Sale, Exchange or Relinquishment of Capital Asset(b) Extinguishment of any right in a Capital Asset(c) Compulsory Acquisition of Capital Asset under Any law. (d) Conversion of Capital Asset into Stock in trade of Business (e) Any transaction in which possession of Immovable Property is givern u/s.53A of Transfer of Property Act(f) Any transaction (whether by way of tranferring membership/shares in a Coop. Society, Company), which has effect of transferring of Immovable Property (g) Maturity or Redemption of a zero coupon bond

32. What is LTCG?

Long Term Capital Gain (LTCG) .It arises on transfer of Long Term Capital Assets.

33. What is STCG?

Short Term Capital Gain (STCG). It arises on transfer of Short Term Capital Assets.

34. Give the formula for Indexed Cost of Acquisition.

Indexed Cost of Acquisition =

Cost inflation index *(of financial year in which asset transferred)*

Cost of Acquisition of Capital Asset X--------- ---

Cost inflation index (*of the 1st financial year in which asset held by Assessee) or(of financial year 2001-2002),whichever is later*

35. What is Slump Sale?

Slump Sale means

- Transfer of one or more Undertaking
- As a result of sale for lumpsum consideration
- Without values being assigned to individual assets and liabilities

36. Give examples for income from other sources.

Income from sub-letting of house property

Interest on loan/deposits.

Rental Income from vacant land

Agricultural Income outside India

Family pension.

Insurance Commission

Income from Undisclosed sources

Royalty(If not covered under P/G/B/P)

Receipt of LIC money(If not exempt u/s 10(10D)

Director fees/Commission

Director salary if not chargeable under salary

Salary to MP/MLA etc

37. Write a short note on Taxation of Cash Gifts.

Sum of money received by Individual or HUF without consideration in excess of ` 50,000/-in a previous year the whole of such sum shall be included in income of receiver under head I/O/S.

38. Define the term relative.

Relative means

(a) Spouse of the individual

(b) Brother or sister of the individual

(c) Brother or sister of spouse of the individual

(d) Brother or sister of either of the parents of the individual

(e) Any lineal ascendant or descendant of the individual

(f) Any lineal ascendant or descendant of the spouse of the individual

(g) Spouse of the persons referred to in clause (ii) to (vi)

39. What is Family pension?

Family pension is regular amount payable by employer, to legal heir of deceased employee and is taxable under other sources. Deduction u/s 57 is available against such pension.

40. 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.

41. What is clubbing of income?

While computing the gross total income, if the income of any other person in a family is included, then its called Clubbing of Income. Section 64 of the Income Tax Act,1961 deals with clubbing of income. Clubbing of income ensures that taxpayers do not circumvent their tax liability by transferring their incomes and assets within the family.

42. What is set off ?

Set off of losses means adjusting the losses against the profit/income of that particular year. Losses that are not set off against income in the same year, can be carried forward to the subsequent years for set off against income of those years

43. What is Carry forward of losses?

After making the appropriate and permissible intra-head and inter-head adjustments, there could still be unadjusted losses. These unadjusted losses can be carried forward to future years for adjustments against income of these years.

44. Write a note on Speculative Business Loss.

- Can be carry forward up to next 4 assessment years from the assessment year in which the loss was incurred
- Can be adjusted only against Income from speculative business
- Cannot be carried forward if the return is not filed within the original due date.
- Not necessary to continue the business at the time of set off in future years

45. Write a note on Losses from owning and maintaining race-horses :

- Can be carry forward up to next 4 assessment years from the assessment year in which the loss was incurred
- Cannot be carried forward if the return is not filed within the original due date
- Can only be set off against income from owning and maintaining race-horses only

46. Write a note on Section 80C.

- Section 80C is the most extensively used option for saving income tax. Here, an individual or a HUF (Hindu Undivided Families) who invests or spends on stipulated tax-saving avenues can claim deduction up to Rs. 1.5 lakh for tax deduction. The Indian government too supports a few as the tax saving instruments (PPF, NPS etc.) to encourage individuals to save and invest towards retirement.

47. Give any five deductions.

Life insurance premium
Equity Linked Savings Scheme (ELSS)
Employee Provident Fund (EPF)
Annuity/ Pension Schemes
Principal payment on home loans
Tuition fees for children
Contribution to PPF Account
Sukanya Samriddhi Account
NSC (National Saving Certificate)
Fixed Deposit (Tax Savings)
Post office time deposits
National Pension Scheme

48. Write a note on Section 80D.

Section 80D is a deduction you can claim on medical expenses. One could save tax on medical insurance premiums paid for the health for self, family and dependent parents. The limit for Section 80D deduction is Rs 25,000 for premiums paid for self/family.For premiums paid for senior citizen parents, you can claim a deduction up to Rs 50,000. Additionally, health checkups to the extent of Rs 5,000 are also allowed and covered within the overall limit.

49. Write a note on Section 80G.

Section 80G of the Income Tax Act, 1961 offers income tax deduction to an assessee, who makes donations to charitable organizations. This deduction varies based on the receiving organization, which implies that one may avail deduction of 50% or 100% of the amount donated, with or without restriction.

50. What is rebate?

Rebate is an amount of money that is returned to you, especially by the government, for example when you have paid too much tax.

K3 – LEVEL

SECTION B

1. Discuss the features of income tax?
2. Explain the types of assessee?
3. Define the term person.
4. Define the following terms under Income Tax Act. (i) Gross Total Income (ii) Total Income.
5. Determine the status of the following persons.

   Reliance industries limited.

   Punjab National Bank

   Madras University

   Calcutta Municipal Corporation

   A partnership firm with A, B and C partners

   Kalyani publishers Ltd

   A Village panchayat

   Mr.Narendra Modi, Prime Minister of India

   Reserve Bank of India

   Life Insurance Corporation of India
6. From the following details compute taxable income of Mr.Amit.
   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 in Pakistan (controlled from India) 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.
7. Which of the following incomes are taxable when the residential status of Mr.Umesh is:
   i) Resident ii) Not ordinarily resident iii) Non-resident
      a) Income accrued in Canada but received in India Rs. 2,000.
      b) Rs. 5,000 earned in India but received in Canada.

c) Rs. 10,000 earned and received in Sri Lanka from a business controlled from India.

d) House property income (computed) from Sri Lanka Rs.2, 000.

e) Profit earned from a business in Kanpur Rs.10, 000. (Or)

8. A person after 26 years stay in India, retired to England in April 2016 and returned to India on 15^{th} February 2018 to take up a salaried appointment. What is his residential status for the previous year 2017-18?
9. Mr. B a citizen of India left for Germany for the first time on 15.09.2016 on a business trip. He returned to India on 05.06.2017. During his absence from India he maintained a dwelling house for himself in Calcutta. What will be his residential status for the assessment year 2018-19.
10. Give any five exempted incomes.
11. X receives salary of Rs.40,000 per month and D.A. @ Rs.10,000 per month. His employer declares half of D.A as pay for Retirement benefits. Compute his Salary.
12. Mr. Sharma gets salary of Rs.40,000 p.m. and is providedwith rent free unfurnished accommodation at Ludhiana (population 20 lakhs) whose fair rental value is Rs.15,000 p.m. He gets leave encashment for the current previous year of RS.20, 000 during the year. His salary is due on 1^{st} day of every month. Calculate the value of rent free accommodation and gross salary
13. 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. (Or)
14. Mr. Y is employed at Amristar on a salary of Rs.3, 0000 p.m. The employer is paying the H.R.A of Rs.8,000 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 Rs.50,00,000. Calculate the gross salary.
15. Mr. Ranjan an employee of Govt of India is drawing a salary of Rs.20, 000 p.m including D.A. of Rs 4,000 p.m. He is drawing Rs.2,500 p.m. as Entertainment allowance. The other perquisites are of Rs 5,000 p.m. He was getting uniform allowance @Rs.2, 000 twice a year. It was claimed that whole of it has been spent on

uniform. He received Rs. 15, 000 as bonus during the year. Calculate his taxable salary.

16. Mr. Hameed gets a salary of Rs. 33,000 p.m. and he has been provided with rent free furnished accommodation at Karnal (population 7.5 lakhs). The fair rental value of the unfurnished house is Rs.60, 000 p.a. He gets D.A. @40% of salary which is given as per terms of employment. He gets education allowance of Rs.500 p.m. for education of his son. The cost of furnishing of the house is Rs. 2,30,000. The employee has been provided with hired air conditioner for five months and hire charges of Rs.1,000 p.m. are paid by the employer. Compute the gross salary of Mr.Hameed.
17. Mr. Senthil, an employee of Govt. of India is drawing a salary of Rs. 30,000 p.m. and D.A. of Rs.5,000 p.m. From the very beginning he was getting entertainment allowance, and last year his E.A was doubled. At present he is drawing Rs 2,000 p.m as Entertainment allowance. The other perquisites are of Rs 4,000 p.m. He was getting uniform allowance @Rs 3,000 twice in a year. It was claimed that whole of it has been spent on uniform. He received Rs 20,000 as bonus during the year. Calculate his taxable salary.
18. Mr. V is working in a Central Government Office at Shimla. His salary particulars are as follows: Salary Rs.3,60,000; D.A. (fully enters in to pay for retirement benefits) Rs.96,000; Hill compensatory Allowance Rs.24,000; Transport Allowance Rs.24,000; Provided with rent free house: Annual License Fee Rs.72,000; Cost of furnishing Rs.3,00,000. Calculate value of Rent free house.
19. Mr. M was allowed to use a refrigerator by employer. Its cost was Rs.19,000. Calculate the value of benefit if it is given to employee on a) 1-4-2017 b) 15-06-2017.
20. Mr. Babu retired on 30.11.17 from a coal mine after putting a service of 28 years and 10 months. At the time of his retirement he was getting a salary of Rs.16,000 p.m. and he use to get an increment of Rs. 500 p. m. on 1st April every year. His D.A was Rs.2,000 p.m. Gratuity received Rs. 3,40,000. Find out his taxable gratuity, if he is covered under Gratuity Act 1972.
21. Calculate ARV from the particulars given below:

    MRV Rs. 60,000 p.a.

    FRV Rs. 66,000 p.a.

    If actual rent is Rs. 72,000 p.a. and

    Standard rent is Rs. 69,000 p.a.
22. Calculate ARV from the particulars given below:

MRV	Rs. 60,000 p.a.
Actual Rent	Rs. 7,000 p.m.
FRV	Rs. 66,000 p.a.
Standard Rent	Rs. 69,000 p.a.

If the house was vacant for two months during the previous year 2017-18.

23. Compute income from house property from the particulars given below for the assessment year 2018-19.

Particulars	Rs.
Municipal rental value	24,000 p.a.
Actual rent received	30,000 p.a.
Municipal taxes	2,400 p.a.
Fire insurance premium (due)	400 p.a.
Ground rent (due)	600 p.a.
Interest on loans taken to construct the house 2011-12 to 2016-17	15,000 p.a.
2017-18	10,000 p.a.
Interest on delayed payment of interest	1,000
Date of completion	31.03.2014
Date of letting	01.04.2014

24. Mr.A has constructed a building at Delhi consisting of 40 flat is let out @ 1,000 per month. The municipal authorities have fixed the rental value of this property as Rs.4,50,000 per annum. The owner bears the following expenses: (i) lift maintenance Rs.12,000 per annum (ii) Pump maintenance Rs.8,000 per annum (iii) Salary of Gardener and Watchman Rs.3,600 per annum (iv) Swimming pool expenses Rs.9,000 per annum. Compute the Annual Rental Value for the property.
25. Discuss the different types of rental values in Income from House Property.
26. Calculate taxable profit of the assessee for the assessment year 2018-19 from the particulars given below:

Particulars	Rs.
Profit for the previous year 2017-18(Before charging the following amounts)	2,60,000
1. Amount given to Punjab university for research in the field of social science	20,000

2.	Cost of land acquired for constructing research laboratory	1,00,000
3.	Cost of building and P & M required for research	3,50,000
4.	Amount given as salary to staff engaged in research (relating to a field not related to assessee's own business) during 2017-18(business started on 1.04.2017)	30,000
5.	Salary given to staff engaged in research within the premises during 2017-18.	60,000

27. Khushi Ram and sons a partnership firm is running a sweets shop and particular of his income and expenditure for the previous year 2017-18 are as follows. Rs.

Total expenditure from sale of sweets (through electronic clearing system) 85,00,000

Total expenditure on purchase of all materials required to prepare sweets 56,50,000

Salary and wages paid to workers, etc. 15,60,000

Rent of shop, shed etc. 3,40,000

Depreciation 60,000

Interest and Salary to working partners (paid as per sec 40(b)) 3,20,000

Compute firm's total income u/s 44 AD.

28. Mr. A owns commercial vehicles and uses them for carriage of goods. He provides the following information.

1. On 01.04.2017 he was owner of 8 vehicles out of which 2 were heavy goods vehicle and 6 other than heavy goods vehicles.

2. On 15th October 2017 he sold 2 other than heavy goods vehicles and purchased one new heavy goods vehicle on 20.10.2017.

3. He purchased 2 new other than heavy goods vehicles on 10.01.2018.

4. Due to strike he could not use any of the vehicles for full month of February 2018.

Find out his income for the assessment year 2018-19 if opts for scheme given u/s 44AE.

29. State whether the following items are deductible or not and why:
    1. Sales tax and wealth tax
    2. Donation to a political party
    3. Cost of installing a new telephone
    4. Fees paid to the lawyer for drafting partnership deed
    5. Loss due to embezzlement by an emoloyee.
30. Discuss how the following items are to be dealt with in the income tax assessment of a company.

    a) Capital expenditure on scientific research Rs.4,00,000

    b) Expenses by way of brokerage, stamps fees, lawyer's fees etc amounting to Rs.90,000 for raising a long term loan of Rs.10,00,000.

    c) Preliminary expenses before the commencement of production R.1,60,000.

    d) Payment in U.K of salaries and interest amounting to Rs.80,000 and Rs.30,000 respectively without deduction of tax at source.
31. Mr.James is a film producer. During the previous year he sold a film projector of Rs.1,70,000 which had cost him Rs.1,50,000 and in respect of which Rs 40,000 had been allowed as depreciation during last two years. Besides, his total income from business was Rs. 75,000. Expenses on sale amounts to Rs.5, 000. Compute his income.
32. Compute capital gain. (i) Mr.Y sold an asset on 15.8.2017 (C.I.I.272) for Rs.2,50,000. The cost price of the asset purchased on 11.2.1996 is Rs.20,000. The fair market value of the same on 1.4.2001 (C.I.I. 100) was Rs.50,000. The income of Mr.Y from other sources during the previous year was Rs.2,22,700. (ii) Mr.S who inherited building properties consisting of a residential house and a shop worth Rs.1,38,000; sold on 1.11.2017 residential property for Rs.7,50,000 (C.I.I. 272). The fair market value of the property sold was Rs.2,60,000 on 1.4.2001 (C.I.I.100). His income from all other sources was Rs.1,12,000.
33. Find out the indexed cost of following long term capital assets if they are sold during the previous year 2017-18. C.I.I for 2004-05 is 113, for 2006-07 is 122, for 2010-11 is 167, for 2017-18 is 272.

Jewellery	2004-05	80,000

Bonds	2006-07	2,00,000
House	2010-11	4,00,000

34. Mr.Ghosh sold a house on 1-9-2017 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 01-04-2001 was Rs.4,50,000. This house was under negotiations for sale in May, 2010 and he received Rs. 20,000 as advance money. The contract could not materialize 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 is 100, for 2006-07 is 122 and for 2017-18 is 272.
35. Mr.Yash sold an asset on 15-8-2017 (C.I.I 272) for Rs.2,50,000. The cost price of the asset purchased on 11.02.96 is Rs. 20,000. The fair market value of the same on 1-4-2001 (C.I.I :100) was Rs.50,000. The income of Yash from other sources during the previous year was Rs.2,22,700.
36. Mr.A invested Rs.1,00,000 in 9 percent tax free debentures of a company. What will be his taxable interest for the previous year ending on 31.3.2018 if rate of deduction of tax is 10 %, interest accrues on 1st January every year.
37. Mr.Z received the following gifts during the previous year 2017-2018. Compute his taxable income under the head “Income from other Sources”. (i) Received Rs.1,00,000 as gift from Y (friend) on 1.6.2017. (ii) Received a Microwave costing Rs.14,500 as gift from his another friend A. (iii) Received Rs.50,000 as gift from another friend C on 1.11.2017. (iv) Received Rs.30,000 as gift from his sister on 1.1.2018.
38. Mr. Bedi owns horses at Bombay and Bangalore. These horses run for races at race course. During the year 2017-18 Mr. Bedi submits the following information:

	Rs.
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	
Bombay	1,20,000
Bangalore	5,00,000

iv) Mr.Bedi received Rs.1,05,000 on 1-7-2017 on betting during horse races at Bombay. Compute his taxable income under other sources.

39. Mr.X has the following incomes during the year ending 31-3-2018.

1. Dividend declared by M. Co on 31.-3-2017 (Indian Co) Rs.6,000
2. Dividend declared by Z. Co on 31.-3-2018 (Indian Co) Rs.9,000
3. Interim dividend received on 1-5-2017 (Indian Co) Rs.3,000
4. He won gold worth Rs.10,00,000 from Punjab State Lottery
5. During March 2018 he earned Rs.1,00,000 as prize money on horse races. The 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 2018-19.

40. Explain with example the types of income u/s 56.

41. The following are the particulars of income and loss of an individual under different heads of income. Set – off losses in the assessment year 2018-2019 and find out the net result: (i) Income from house property A Rs.5.000 (ii) Loss from house property B Rs.8,000. (iii) Income from interest on securities Rs.20,000 (iv) Loss from a cycle business Rs.20,000 (v) Profit from speculation business Rs.20,000 (vi) Loss from short term capital asset Rs.6,000 (vii) long term capital loss Rs.25,000 (viii) Long term capital gain (investments) Rs.21,000.

42. Mr. D got medical insurance of all family members and paid premium in the previous year 2017-2018 as total amount allowed as deduction under section 80D.

(i) Medical insurance of self-paid by cheque Rs.10,000 (ii) Medi-claim premium of wife paid in cash Rs.5,000 (iii) Medical insurance premium of 16 years old son paid by cheque to a private insurance company approved by Insurance Regulatory Development Authority Rs.3,000 (iv) Medi-claim premium paid on the medical insurance of his father and mother Rs.22,000 (v) Medi-claim premium on the policy of dependent younger brother Rs.4,000 (vi) Preventive medical check-up of a wife Rs.1,000.

43. Explain the rates of tax for assessment year 2018-19 applicable for an individual.

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

Particulars	Rs.
i)Business profit for the previous year 2017-18	20,000
ii) B/F Business loss of 2015-16	10,000

iii) Capital loss on shares	60,000
iv) Loss from self-occupied house(u/s 24)	5,000

45. If a professional man has his gross taxableincome (i.e income before allowing this deduction) of Rs.3,60,000 and pays rent of Rs.5,000 p.m at Varanasi, calculate the amount of deduction u/s 80GG.
46. Discuss about Section 80 C.
47. Gross total income of Mr.P for the year 2017-18 was Rs.3,62,000 which included Rs.20,000 as 1/4th share from AOP. He made donation to :

    a) To P.M National defence fund Rs.20,000

    b) To Delhi hospital for promotion of family planning Rs.20,000. Compute his total income. Mr.P is 64 years old.
48. The income of an individual for the year ended 31st march,2018 consists of the following :

    a) Business profits (after debiting Rs.30,000 paid as donation to a college) Rs.2,52,000.

    b) One fourth share from an association of person in which he was a member Rs.12,000 (gross).

    c) Interest on Government Securities Rs.8000 (gross).

    d) Dividend on shares of Indian Companies Rs.6000 (gross).

    e) Amount paid as tuition fee of his son Rs.8000.

    Compute the total income and amount entitled to rebate of tax u/s 86 for the assessment year 2018-19.
49. Explain any five deductions u/s 80.
50. Write a short note on rebate.

K4,K5 – LEVEL

SECTION C

1. Explain in detail about the residential status of an individual and its types.
2. The following are the incomes of Shree for the previous year 2017-18.

	Rs.
i) Dividend from Indian company.	10,000
ii) Profit from business in Japan received in India.	1, 20,000
iii) Profit for business in Pakistan deposited in a bank there. This business is controlled from India.	2, 00,000
iv) Profit from business in Indore (controlled by London head office)	1,10,000
v) Interest received from a non resident Mr. Abdul on the loan provided to him for a business carried in India.	50,000
vi) Income was earned in America and received there but brought in India.	80,000
vii) Share of income from Indian partnership firm.	1, 50,000
viii) Income from house property in India received in America.	62,000
ix) Interest on debentures of an Indian company received in Dubai.	25,000
x) Capital gain on sale of agricultural land situated at Ajmer.	48,000

Compute his taxable income, if he is a) resident b) not ordinarily resident c) non resident.

3. Mr. suresh furnishes the following particulars of his income earned during the previous year relevant to the assessment year 2018-19.

S.No	Particulars	Rs.
1.	Interest on German development bonds(1/3rd received in india)	51,000
2.	Income from agriculture in Bangladesh, remitted to India	31,000
3.	Income from property in Canada received in U.S.A	1,10,000
4.	Income earned form business in Kuwait, business being controlled from Mumbai (Rs.25000 is received in Kuwait)	65,000

5.	Dividend from an Indian Company	15,000
6.	Royalty received in Singapore from Mr.Gulfam, resident in India, for technical services provided for a business carried on in Singapore	25,000
7.	Profit from a business in Chennai, this business is controlled from Singapore	1,25,000
8.	Profit on sale of a building in India, but received in Nepal	2,50,000
9.	Income from agriculture in Punjab, received in Mumbai	30,000
10.	Profit from business in Indonesia, this business is controlled from Delhi (60% of the profit deposited in a bank there and 40% is remitted to India)	40,000
11.	Interest received from Mr.Shyam, a non- resident, on the loan provided to him for a business in India.	28,000

Compute his Gross total income, if he is:a) resident b) not ordinarily resident c) nonresident.

4. Following are the particulars of income of Mr. RTM for the assessment year 2018-19:

S.No	Particulars	Rs.
1	Income from business in Mumbai	80,000
2	Income from house property in pune	20,000
3	Pension from former employer for service rendered in India but received in U.K	24,000
4	Profit from business in U.K but contolled from Mumbai. Out of this Rs.20,000 were received in India	1,60,000
5	Dividend from Indian company but received in U.K	18,000

6	Income from agriculture in Nepal, received there but later on remitted to India	60,000
7	Interest on bonds issued by U.K. Government out of which 50% is received in India	40,000
8	Past untaxed income of 2014-15 to 2016-17 brought in to India during 2017-18	4,00,000
9	Income from house property in U.K and donated there to a notified charitable institution	20,000

Compute the total income of Mr.RTM for the assessment year 2018-19 if he is: a) resident b) not ordinarily resident c) nonresident.

5. For the previous year ended on 31st March 2018 Mr.Z had the following income.

Particulars	**Rs.**
Honorarium received from Govt. of India (Expenses incurred Rs.5,000)	10,000
Profits earned from a business in Kerala controlled from Canada	5,000
Profits earned from a business inUSA controlled from West Bengal	6,000
Profit earned from a business in Bangladesh, controlled from Karachi and credited to his personal account in the bank there	4,000
Dividend from an Italian company credited to his account in Switzerland	2,000
Agricultural income from Thailand not remitted to India	6,000

Compute the total income of Mr. Z for the assessment year 2018-19 if he is: a) resident b) not ordinarily resident c) nonresident.

6. Mr. M is a production manager of an industrial unit at Chennai. The particulars of his salary income are as under:

	Rs.
Basic salary	40,000 p.m.
Dearness allowance (given under the terms of employment)	15,000 p.m.

Entertainment allowance	1,000 p.m.
Medical allowance	500 p.m.
House rent allowance	12,000 p.m.
Rent paid for the house	15,000 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 (each) contribute 15% of salary to R.P.F.

Mr. had taken interest free loan of Rs. 15, 000 to purchase refrigerator.

Compute income under the head salary for the assessment year 2018-19.

7. Ms. Deepika is employed with a software company at Hyderabad. She received following incomes during the year ending 31.3.2018. Calculate her income from salary.

Basic salary- Rs.15, 000 p.m.

D.A. (forming part of pay for superannuation benefits) - 30% of salary.

She gets house rent allowance at the rate of Rs.2, 000 p.m.She pays a rent of Rs.2, 500 p.m.She is provided with a car of 1.5 lt. capacity engine with driver which was used partly for official and partly for private purpose.The employer also paid the health club expenses amounting to Rs.7, 000.Ration bill of employee paid by the employer Rs.20, 000.She was provided with air ticket by her employer for her private journey Rs.3, 000.She took advance salary of 2 months.She contributes 20% of salary to a recognized provident fund and her employer contributes the same.City compensatory allowance provided to her Rs.1, 500 p.m.She made a purchase of Rs.15, 000 from her credit card the company provided the same.

8. From the particulars given below compute salary income of Mr. Dave, executive officer in a company in Mumbai (population above 25 lakhs).

Basic pay @ Rs. 25, 000 p.m.

D.A. @ Rs. 5,000 p.m. (enters into pay for retirement benefits).

Provided with rent free 5 room house fully furnished, the fair rental value being Rs.12, 000 p.m.Cost of furnishing Rs. 1, 30,000 which includes expenditure on furnishing a room Rs.30,000. Thisroom is used by the officer for his employment purposes only.His and employer's contribution to R.P.F. @ 13% of salary. Other benefits are:

1. Telephone bill Rs.2, 500(installed at his residence for his official use).
2. Club bill paid by employer Rs.4, 100.

3. Education allowance Rs.3, 900 (his two children are studying in school)

4. Reimbursement of medical bills (approved hospital) Rs.1, 555.

5. He is provided with a car of 1.4 lt. which he uses exclusively for employment purposes.

6. Leave travel concession for going to a hill station Rs.26,500. His actual expenses were Rs.19,650.

9. Mr.B returned to India after serving a British company form 25 years. He joined service with an Indian Company at Mumbai (population more than 25 lakhs) during 2015-2016. He furnishes the following particulars of his income for the year ending 31.3.2018 and asks you to compute his salary income if he is : (a) ordinary resident (b) Resident but not ordinarily resident.

(i) Salary (He was on leave for two months and during this period he received his salary in Britain) Rs.25,000 per month (ii) City Compensatory Allowance Rs.500 per month (iii) Ration bill paid by employer Rs.14,000 (iv) Fixed Medical allowance Rs.400 per month (v) Education Allowance for his son who is studying in MBA in Mumbai Rs.1,000 per month (vi) Rent free house hired by employer. Rent paid Rs.2,000 per month and cost of furnishing is Rs.1,20,000 (vii) He and his employer contribute Rs.4,000 per month each towards RPF (viii) He was getting a monthly pension of Rs.15,000 from his British employer which was being credited to his bank account in London.

10. Mr. Rahul, Manager of a textile company at Bangalore (population 60 lakhs) submits the following particulars of his income for the financial year 2017-18.

1. Basic salary Rs.18, 750 p.m.

2. D.A. Rs.4, 000 p.m. (Rs.1,600 p.m. enters into retirement benefits).

3. Education allowance for two children at Rs. 250 p.m. per child and hostel allowance for two children at Rs . 450 p.m. per child.

4. Commission Rs.40, 000

5. Entertainment allowance Rs.1700 p.m.

6. Travelling allowance for his official tours Rs.30, 000. Actual expenditure on tour amounted to Rs.22, 000. During one of the official tours to Bombay, his wife

accompanied him and the expenditure incurred by employer to provide this facility to his wife is Rs.20, 000 whereas only Rs.8, 000 is recovered from Mr.Rahul.

7. Interest credited to RPF account in the previous year @ 10% amounted to Rs.10, 000.

8. He resides in the bunglow of the company. Its fair rent is Rs. 8,000 p.m. the company deducted Rs.1,875 p.m. from salary as rent of the bunglow.

9. A watchman and a cook has been provided by the company at the bunglow who were paid Rs.400 p.m. and Rs.500 p.m. respectively

10. Encashment of earned leave Rs.15, 000.11. He paid professional tax of Rs.250 p.m.

12. Employer's contribution to RPF Rs. 39,500 in the PY.

Compute his taxable salary income for the assessment year 2018-19.

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

Particulars	Amount Rs.	Particulars	Amount Rs.
Salaries to employees	1,95,000	Gross profit	5,80,000
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	2,000
Bad debts	1,500	(allowed earlier)	
Drawings by the proprietor	24,000		
Sales tax(due and paid on 1.7.2017)	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 Donations Provisions of bad debts Net profit	12,000 2,000 6,000 1,90,000		
	6,31,000		6,31,000

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

1. Advertisement expenses were spent on insertions in news papers.
2. Rs.3, 000 were spent on purchase of land and are included in legal expenses.
3. Half of the repair expenses were on let out building.
4. Depreciation allowable on all assets including car is Rs.14, 400.
5. Bonus was paid to employees on 30.06.2018 and date of filing of return is 31.07.18.

12. **Profit and Loss Account of M/S R and Company**.

Particulars	Rs.	Particulars	Rs.
General Expenses	1,07,000	Gross Profit	5,40,000
Fire Insurance Premium	2,000	Bad debts, recovered but disallowed earlier	4,000
Bad debts	1,000	Interest from Government Securities	4,000
Salaries	1,65,000	Rent received from employees	12,000
Advertisement (in cash)	22,250	Interest from debtors for delayed payment	6,000
Proprietor's salary	1,12,500		
Interest on capital	2,000		
Income tax	1,000		
Depreciation	2,000		
Sales tax (due)	5,000		
Advance income tax paid	1,000		
Donations	500		

Motor car expenses	750		
Municipal taxes of quarters let to employees	5,000		
Net profit	1,39,000		
	5,66,000		**5,66,000**

General expenses include Rs.4,000 paid as compensation to an old employee whose services were terminated in the interest of the business and Rs.2,200 by way of help to a poor student. Depreciation calculated according to the rates comes to Rs.2,900. Sales tax was paid on 1.5.2018. Date filing of return is 31.7.2018. 50% of Motor Car expenses are for proprietor's personal use. Compute business income.

13. From the following statement, compute the income from profession of Dr.S.K.Kapoor if accounts are maintained on cash/receipt system:

	Rs		Rs
To dispensary rent	36,000	By visiting fees	45,000
To Electricity and water charges	6,000	By consultation fees	1,25,000
To telephone expenses	6,000	By sales of medicines	72,000
To salary to nurse and compounder	36,000	By dividends	5,000
To depreciation on surgical equipment	6,000		
To purchases of medicines	36,000		
To depreciation on X-ray machine	4,000		
To income tax	5,500		
To donation to Rama Krishna Mission	4,000		
To Motor car expenses	9,600		
To dep on car	4,800		
To net income	93,100		
	2,47,000		2,47,000

14. Mr. B owns a house property at Cochin. It consists of 3 independent units and information about the property is given below:

Unit 1: Own residence

Unit 2: Let out

Unit 3: Own business	Rs.
MRV	1,20,000
FRV	1,32,000
Standard rent	1,08,000
Rent	3,500 p. a.
Unrealised rent	for three months
Repairs	10,000
Insurance	2,000
Interest on money borrowed for the construction of property	96,000
Municipal taxes	14,400
Date of completion	1-11-2012

15. Following are the particulars of 2 let out houses of Mr. Ashu Aggarwal, intermine income from house property.

	House A	House B
Municipal Valuation	4,20,000	3,50,000
Fair rental value	3,60,000	3,80,000
Standard rent	4,40,000	3,20,000
Actual rent	4,80,000	4,20,000
Unrealized rent of current year	40,000	35,000
Vacancy	2 months	2 months
Municipal taxes: Actually paid	12,000	25,000
Municipal taxes: Due but not paid	30,000	10,000
Repairs	10,000	8,000
Insurance premium	12,000	6,000
Other expenses	8,000	10,000
Interest on money borrowed for the purchase of house	-	60,000

16. From the following particulars of Mr. Edward for the previous year ended 31st March,2018 compute his income under the head income from other sources for the assessment year 2018-19

He received:

Particulars	Amount Rs.
Director's fee from a company	10,000
Interest on bank deposits	3,000
Income from undisclosed sources	12,000
Winning from lotteries(net)	24,500
Royalty on a book written by him	8,000
By giving lectures in functions	5,000
Interest on loan given to a relative	7,000
Interest on tax free debentures of a company(listed in recognized stock exchange)(net)	3,600
Dividend on shares	6,400
Interest on post office savings bank A/c	500
Interest on government securities	2,200

He paid Rs.100 for collection of dividend and Rs.1000 for typing the manuscript of book written by him.

17. From the following particulars of Mr. A, compute the amount of taxable gifts chargeable under head income from other sources.

(i) He received a cheque of Rs.1,00,000 as a gift from his grandfather on 15.5.2017.

(ii) He received Rs.21,000 from his friend from Canada as a gift on 31.5.2017.

(iii) He received Rs.5,00,000 under a will from his grandmother on 30.6.2017.

(iv) He received Rs.50,000 from his father's friend on 30.6.2017.

(v) He received Rs.75,000 as gift from his uncle on 30.9.2017 on his birthday.

(vi) He received Rs.20,000 as gift from his employer on 1.10.2017

(vii) He received a gift of Rs.51,000 from his father's brother on 30.11.2017

(viii) He received a gift in cash of Rs.20,000 from his uncle on 30.6.2017

(ix) He received a cheque of Rs.30,000 as a gift from his brother on 10.11.2017

(x) He received a gift of Rs.21,000 on his wedding form Mr.E on 1.12.2017.

(xi) He received Rs.25,000 as gift from his non-resident friend Mr.Y 30.12.2017

(xii) He received a gift of Rs.51,000 from his brother in law on 31.1.2018.

(xiii) He received Rs.5,000 from Mr.H, his resident friend on 15.2.2018.

18. From the following particulars of Sita for the previous year ended 31st March, 2018 compute her income U/H other sources for the assessment year 2018-19. He received ,

Particulars	Rs.
Director's fee from a company	20,000
Interest on bank deposits	6,000
Income from undisclosed sources	24,000
Winning from lotteries	48,500
Royalty on a book written by her	16,000
By giving lectures in functions	10,000
Interest on loan given to a relative	14,000
Interest on tax free debentures of a company	6,600
Dividend on shares	14,400
Interest on post office savings bank A/c	1000
Interest on government securities	4,200

19. Compute the tax liability of Mr. R from the following particulars:

	Rs.
Business income	(+) 2,40,000
Loss from self occupied house	(-) 30,000
Short term capital gain from jewellery	(+) 8,000

Short term capital gain from shares which are subject to STT. (+) 65,000

20. Mr. H submits the following particulars about sale of assets during the year 2017-18.

	Jewellery	Plot	Gold
Sale 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 has purchased a house for Rs.12,00,000 on 1.3.2018. Calculate the amount of taxable capital gain if C.I.I for 2017-18 is 272.

21. Mr. B is in service in Calcutta (population above 25 lakhs) drawing a monthly salary of

Rs.15,000 per month. He is also provided with a rent-free unfurnished flat, for which employer pays a rent of Rs.2,500 per month. He contributes 10% of his salary to a recognised provident fund. The interest at 8% on his provident fund account for the year ended 31.3.2018 amounted to Rs.2,500. He is also the owner of a house which is let out at a monthly rent of Rs.2,500. His expenses for house were:

(a) Municipal taxes Rs.3,000

(b) Interest on loan for construction of the house Rs.6,600 © Repairs Rs.500

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

He has also received a share from a firm assessed as firm of Rs.5,000 and his share of firm's tax amounts to Rs.600. He has paid life insurance premium for a policy on his own life Rs.700. He paid Rs.200 to P.M. National Relief Fund. Compute the Total Income of Mr. B.

22. Discuss in detail about any ten deductions u/s 80.

23. Mr. A has business profit of Rs.3, 45, 000 and received Rs.8,000 as 1/8th share of profits of an association of persons during the year ending on march 31,2018. a) Calculate his tax liability. b) What difference it will make if total income of A is Rs.2, 47,

000 and his ½ share from AOP (which has no such member whose individual income exceeds maximum exempted limit i.e., Rs.2,50,000 is Rs.80,000.

24. Mr. Atul an Indian resident furnishes the following particulars of his income for the assessment year 2018-19. You are required to deal with set off and carry forward of losses.

S.No	Particulars	Rs.
1	Income from securities (gross)	10,000
2	Income from residential house(computed)	5,000
3	Profits from rayon business	25,000
4	Income from an agency business	2,000
5	Speculation income	2,000
6	Short term capital gain	4,000
7	Long term capital gain	9,500

The carry forward items from the assessment year 2017-18 are:

S.No	Particulars	Rs.
1	Loss from hosiery business(discontinued in 2015-16)	4,000
2	Loss in agency business	3,000
3	Loss from rayon business	3,000
4	Speculation loss	4,000
5	Short term capital loss	6,000
6	Long term capital loss (2015-16)	6,500

Current year’s depreciation for rayon business is Rs.500.

25. Discuss in detail any ten exempted income u/s 10
