PG DEPARTMENT OF COMMERCE (CA)

QUESTION BANK

COURSE: M.Com (CA) **SEMESTER:** III

SUBJECT CODE: 18PCC313 **SUBJECT:** TAXATION

KI LEVEL

Multiple Choice Questions

1. _____ is a compulsory extraction made by Central Government from the general public.

a) Charity **b) Tax** c) Revenue d) Debt

2. ______ is a person by whom any tax or any other sum of money is payable.

a) Assessee b) Assessor c) Child d) Firm

3. _______ refers to an individual, a Hindu undivided family, a company or a firm, a local authority and so on.

a) Voluntary Association b) Karta **c) Person** d) None of them

4. Income tax is a ___________ tax.

a) Indirect b) Intermediate c) Informational **d) Direct**

5. ________ in relation to an individual includes a step child and an adopted child of that individual including both male and female.

a) Person b) Assessee **c) Child** d) Karta

6. The word ________ refers to the wages, annuity or pension, gratuity, fee, commission, bonus and perquisites etc.

a) Salary b) Bonus c) Incentive d) Pay

7. Salary = Basic Salary + ____________

a) Bonus b) Incentive c) Pension **d) Dearness Allowance**

8. ________ simply means any casual emolument, fee or profit attached to an office or position in addition to salary or wages.

a) Incentives **b) Perquisites** c) Commission d) Allowance

9. Taxable gratuity = Gratuity received - _________

a) Chargeable b) Advance Salary **c) Exempt** d) Pension

10. Any death cum retirement gratuity received by government employee is ________

a) Fully Exempted b) Partially Exempted c) Fully Taxable d) Partially Taxable.

11. Income from houses, buildings, bungalows and ______ is computed under the head ____

a) Income from Salaries b) Income from Business or Profession **c) Income from House Property** d) Income from Other Sources

12. ARR means _____________

a) Accommodated Rental Value **b) Annual Rental Value** c) Actual Rental Value d) Accrued Rental Value

13. _________ refers to the rent that has been originally received by the owner of the house property from the tenant.

a) Real Rent **b) Actual Rent** c) Fair Rent d) Municipal Rent

14. __________ rent is the rental value a house property can fetch.

a) Real Rent b) Actual Rent **c) Fair Rent** d) Municipal Rent

15. The standard deduction allowed from the rental income is ____ % of the net annual value.

a) 10% b) 20% **c) 30%** d) 40%

16. Profits and gains of business or profession ________ a part of the total income of an assessee.

a) Does not form **b) Form** c) Partly form d) Partly does not form

17. ______ simply means any economic activity carried on for earning profits.

a) Business b) Trust c) Institution d) None

18. A ________ is an occupation requiring purely intellectual skill or manual skill controlled by the intellectual skill of the operator.

a) Business b) Trust **c) Profession** d) Firm

19. The profits and gains of any business or profession which was carried on by the assessee at any time during the ________ year/years are assessed under Business or professional Income.

a) Previous b) Current c) five d) all

20. Casual income like winning from lotteries, crossword puzzles, horse races and game shows are treated as income from ___________.

a) Business or Profession b) Salaries c) House Property **d) Other Sources**

21. The income from capital gains is chargeable to tax for the first time in _____

a) 1947 b) 1957 c) 1974 d) 1975

22. Property of any kind held by an assessee whether or not connected with his business or profession is known as ______

a) Capital Asset b) Current Asset c) Individual Asset d) Not an Asset of his own

23. ____________ implies the period for which the asset is owned by an assessee or held by an assessee as owner.

a) Period of Transfer **b) Period of Holding** c) Period of Recovery d) None

24. A capital asset converted into stock in trade or is treated as a stock in trade by the assessee, it is called ______ transfer.

a) Capital b) Asset **c) Deemed** d) Normal

25. Incomes from all dividends are specifically included in ______ income.

a) Salary b) House Property c) Business or Profession **d) Other Sources**

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

a) Security Interest b) Debenture **c) Security** d) Bond

27. The sections ______ of the Income Tax Act deals with the provisions regarding set-off and carry forward and set-off losses.

a) 70-79 b) 60-69 c) 80-89 d) 40-49

28. Loss in respect of casual incomes _________ set-off from any incomes.

a) Can be partially **b) Cannot be** c) Can be d) Can be fully

29. GTI stands for _________

a) Grand Total Incomes b) General Total Incomes c) Gratuity and Total Incomes

d) **Gross Total Income**

30. Deduction in respect of donations to certain funds, charitable institutions falls under _____ section of deductions

a) **80G** b) 80E c) 80D d) 80C

31. Expand GST_______

a) **Goods and Services Tax** b) Good and service tax c) Goods and service tax c) None of the above

32. ________ is categorized into CGST, SGST or IGST depending on whether the transaction is Intra-State or Inter-State.

a) GST b) VAT c) Sales tax d) indirect tax

33. In India GST become effect from_________

1) 1st July 2017 b) 15th June 2017 c) 18th May 2018 d) 1st September 2017

34. GST is _____based tax on consumption of goods and services

a) Duration b) Destination c) Destiny d) Production

35. Indian GST model has _______rate structure

a) 3 **b) 4** c) 5 d) 6

36. Which of the following tax will be abolished by the GST?

(a) Service Tax (b) Corporation tax (c) Income Tax (d) Wealth Tax

37. Which of the following tax rate is not applicable under the GST?

(a) 5 (b) 12 (c) 18 **(d) 25**

38. GST will be levied on………………..

(a) Manufacturers (b) Retailers (c) Consumers **(d) All of the above**

39. What kind of Tax is GST?

(a) Direct Tax **(b) Indirect Tax** (c) Depends on the type of goods and services

(d) None of the above

40. GST Registration_______

a. Aadhar based b. Passport based c.**Pan based** None of the above

41. IGST levy can be levied

a) Centre b) State c) Union Territory d) Both a and b

42. IGST tax levy means________

a) Within state **b) Between two states** **c)** between countries d) None of the above

43. Taxable levy in case of manufacture under composite scheme is ________percent

a) Two percent b) Three per cent **c) One per cent** **d)** Half per cent

44. Maximum rate of CGST prescribed by law for intrastate supply made is_________

a) 18% b) **20%** c) 40% d) 28%+cess

45. Registration under GST is not compulsory to-

a) Casual taxable person b) Input service distributor c) Non-resident taxable person **d) None of these**

46. Exemption from registration is available to

a) Central & State Govt. Departments **b) Agriculturists c)** a) & b) above d) None of the above

47. Registration under GST is compulsory to-

a) **Casual taxable person** b) Senior Advocates c) Service Provider d) aggregate turnover below 20 lakhs

48. A person is having multiple business requires registration

a) Single b) **Each business separately c)** Either A or B d) None of the above

49. Goods and Service Tax council referred _____ section

a) 279A of the constitution b) 276 of the constitution c) 277 of the constitution d) 279 of the constitution

50. The tax IGST charged by _______government.

a) Central b) state c) Concerned Department d) both a and b

K2 Level Questions

Unit I

1. Clarify the term Tax.

A Tax may be defined as "a compulsory extraction made by Central Government from the general public.

2. Discuss Tax on Income

The Income Tax Act has defined the term income and it includes salary income, house property income, business/ profession income, capital gains and other source income.

3. Extend the meaning of Assessee.

Assessee means a person by whom any tax or any other sum of money payable under the Income Tax Act.

4. Predict a Person

A person includes, an Individual, a Hindu undivided Family, a Company, a Firm, an Association of Persons, a Local Authority and an Artificial Juridical Person

5. Explain an Ordinary Resident

If a person stays in India during the relevant previous year for a period amounting in all to 182 days or more or 365 days or more in four years preceding the previous year and 60 days or more in the relevant previous year.

6. Infer about the term Salary.

Salary includes any amount of wages, annuity or pension, gratuity, fees, commission, bonus, perquisites received by an employee from his employer.

7. Associate the Tax Free Salary

The employer allows an employee to draw tax-free salary by paying the tax on this salary by the employers himself directly to the Income Tax Department.

8. Express the concept of Allowances

Allowances means any amount or sum allowed regularly along with the salary of an employee by the employer to meet out his losses or any expenses incurred in the performance of duties assigned by his employer.

9. Illustrate on Allowances

Helper Allowances, Uniform Allowances, Academic Allowances, Conveyance Allowances, Travelling or Transferring Allowances, Daily Allowances are some of the examples of Allowances offered by the employer to his employee.

10. Generalise the term Perquisites

Perquisites are simply means any casual emolument, fee or profit attached to an office or position in addition to salary or wages.

Unit II

11. Clarify the concept of Income from House Property

The income from houses, buildings, bungalows etc. is to be computed and assessed to tax under the head Income from House Property.

12. Describe Actual Rent

It is the rent actually received by the owner of the house property from the tenant.

13. Review on the Real Rental Value

The costs on the common facilities such as lift and pump maintenance, salary of common gardener and watchman, lighting of common stairs and corridors and water and electricity bills reduced from the actual rent received and the balance is called the real rental value.

14. Explain Standard Deduction

It is the flat deduction available out of net annual value in respect of certain expenses of the owner of the house property connected with earning of rental income like rent collection charges, insurance of houses, repair of house etc. and is allowed at 30% of Net Annual Value.

15. Recognise the term Standard Rent

The standard rent is the rent fixed under the Rent Control Act where so ever applicable.

16. Infer the term Business

Business is defined as "any trade, commerce, manufacture or any adventure or concern in the nature of trade, commerce and manufacture.

17. Contrast on the term Profession

A profession is an occupation requiring purely intellectual skill or manual skill controlled by the intellectual skill of the operator. E.g. Lawyer, Accountant, Engineer etc.

18. Defend on Casual Income

Casual income such as winning from lotteries, crossword puzzles, horse races and game shows etc. are termed as casual income.

19. Interpret on the allowable deductions

Deductions will be allowed in case of only those expenses which have been incurred for the purpose of the assessee's own business.

20. Infer any two deductions under section 30 to 44DB deducted under Profits and gains of business or gains.

1. Rent, Rates, Taxes, Repairs and Insurance for building used for the purpose of assessee's business.

2. Depreciation of buildings, machinery, plant or furniture.

Unit III

21. Clarify the basis of charge under the head capital gains.

Any profits or gains arising from the transfer of a capital asset effected in the previous year shall provide in section 54 are chargeable under the head capital gains.

22. Describe on the Capital Assets in Income Tax Calculation

Capital gain is any property of any kind held by an assessee whether or not connected with his business or profession and any security held by a foreign institutional investor.

23. Infer on Period of Holding

In general, the period of holding implies the period for which the asset is owned by an assessee or held by an assessee as owner.

24. Describe Interest on Securities in Income from other sources.

Interest on any securities of the central or state government or interest on debentures or other securities for money issued by local authority are chargeable as interest on securities under the head income from other sources.

25. Illustrate any two securities exempted from Tax which do not exist at present.

1. National Plan Certificates

2. National Defence Bonds

26. Interpret the two headings under which the provisions are held in set off and carry forward.

1. Set-off Losses

2. Carry Forward and Set-off of losses

27. Define Speculation loss

Any loss computed in respect of speculation business carried on by the assessee shall not be set-off except against profits and gains if any from another speculation business.

28. Infer what can be adjusted from the profits of current previous year. State any two items.

1. Current depreciation of the year.

2. Capital expenditure on scientific research

29. Clarify the deductions that are made possible through timely filing of returns.

1. Deductions under section 80 IA

2. Deductions under section 80 IB

3. Deductions under section 80 IC

4. Deductions under section 80 ID

5. Deductions under section 80 IE

30. Examine how the onus to claim deduction is on assessee.

It is inferred that, the claim of any deduction falling under section 80 is to be made by assessee by presenting the necessary documents and by fulfilling the conditions prescribed if any.

Unit IV

31. Write any two features of Indirect taxes.

- Uniform tax across the country
- Reduce cascading effect of taxation

32. Give any two benefits of GST.

- Supply of an item will now be unhindered by state boundaries and taxes

- Price of many items will reduce for the consumers

33. Expand CGST.

Central Goods and Services Tax

34. Expand SGST.

State Goods and Services tax

35. Expand UTGST.

Union Territory Goods and Services Tax

36. What is IGST?

An Integrated GST (IGST) would be levied and collected by the Centre on inter-State supply of goods and services

37. What is the main benefit available to small tax payers under the GST regime?

Tax payers with an aggregate turnover in a financial year up to [rs.10 lakhs] would be exempt from tax.

38. Who is a casual taxable person under GST?

A person who occasionally supplies goods and/or services in a territory where GST is applicable but he does not have a fixed place of business. Such a person will be treated as a casual taxable person as per GST.

39.Who is a Non-Resident Taxable person under GST?

When a non-resident occasionally supplies goods/services in a territory where GST applies, but he does not have a fixed place of business in India. As per GST, he will be treated as a non-resident taxable person.

40. What are GST rate slabs?

The Goods and Services Tax (GST) will be levied at multiple rates ranging from 0 per cent to 28 per cent. GST Council finalised a four-tier GST tax structure of 5%, 12%, 18% and 28%, with lower rates for essential items and the highest for luxury and de-merits goods that would also attract an additional cess.

Service Tax will go up from 15% to 18%. The services being taxed at lower rates, owing to the provision of abatement, such as train tickets, will fall in the lower slabs.

Unit V

41. What are the major features of the proposed registration procedures under GST?

- **Existing dealers**: Existing VAT/Central excise/Service Tax payers will not have to apply afresh for registration under GST.
- **New dealers**: Single application to be filed online for registration under GST.

42. What are the major features of the proposed returns filing procedures under GST?

- **Common return** would serve the purpose of both Centre and State Government.

  There are eight forms provided for in the GST business processes for filing for returns. Most of the average tax payers would be using only four forms for filing their returns. These are return for supplies, return for purchases, monthly returns and annual return.
- **Small taxpayers**: Small taxpayers who have opted composition scheme shall have to file return on quarterly basis. Filing of returns shall be completely online. All taxes can also be paid online.

43. Where do you register for the GST?

The Goods and Services Tax Network (GSTN) is a non-governmental private organisation which will provide I-T infrastructure and support to the Government, tax payers and other service providers for the implementation of the GST.

44. What's the benefit of registering a business under GST?

- Legally recognized as a supplier of goods or services.
- Proper accounting of taxes paid on the input goods or services which can be utilized for payment of GST due on the supply of goods or services or both by the business.

45. Who is maintained the online registration process for GST in India?

GST registration process will be online through a portal maintained by Central Government of India.

46. How the PAN card, mobile numbers are verified under GST?

The PAN is verified on the GST Portal. Mobile number and E-mail address are verified with a one-time password (OTP). Once the verification is complete, the applicant will receive an application reference number on the registered mobile number and via E-mail.

47. What are the Documents required for GST registration?

- PAN card of the Company
- Proof of constitution like partnership deed, Memorandum of Association (MOA) /Articles of Association (AOA), certificate of incorporation.
- Details and proof of place of business like rent agreement or electricity bill
- A cancelled cheque of your bank account showing the name of account holder, MICR code, IFSC code and bank branch details
- Authorized signatory like List of partners with their identity and address proof in case of partnership firm or List of directors with their identity and address proof in case of company.

48. Who are the persons liable to take a Registration under the Model GST Law?

Any supplier who carries on any business at any place in India and whose aggregate turnover exceeds threshold limit as prescribed above in a year is liable to get himself registered.

49. Write any two persons for compulsory registration under GST?

a) Persons making any inter-State taxable supply;
b) casual taxable persons;

50. Who is exempted from for compulsory registration under GST?

- An agriculturist, to the extent of supply of produce out of cultivation of land.
- Senior advocates

K3 Level Questions

Unit I

1. Examine the concept of Income and give its features.

2. Discover the differences between an Ordinary Resident and Resident but not Ordinary Resident Status of an Individual.

3. Mr.Sainathan, a foreign citizen, leaves India for the first time in the last 20 years on November 25, 2015. During the calendar year 2016, hecomes to India on September 1 and stays for a period of 20 days. During the calendar year 2017, he does not visit India at all but comes to India on January 15, 2018. Assess the residential status of Mr.Sainathan for the assessment year 2018-19.

4. The following are the details of income of Shri Dara:

1. Share income from a joint venture in India Rs.10000

2. Dividend Rs.1000

3. Income from Agriculture in Pakistan Rs.20000

4. Salary received in India Rs.9800 (computed) but the services for the same were rendered in Iran.

5. Income from business (controlled from India) in Pakistan Rs.10000 and the income remitted to India.

6. Income earned and received in Pakistan from bank deposits Rs.5000

7. Income accrued in India but received in Iran Rs.10000

Compute Ms.Shri Dara's taxable income if she is (i) a resident, (ii) a not ordinarily resident or (iii) a non-resident.

5. Mr. Vishal, an MBA in IB, who is engaged in export business, visits France very frequently. From particulars given below predict his residential status for the previous year 2017 – 2018:

Previous Year	**Stay in France**	**Previous Year**	**Stay in France**

2010 – 11	187 days	2014 – 15	70 days
2011 – 12	140 days	2015 – 16	225 days
2012 – 13	305 days	2016 – 17	306 days
2013 – 14	65 days	2017 – 18	283 days

6. Mr. Sen was appointed as Reader in Calcutta University in the scale of 37400 – 1200 – 62400 on 1.9.2014 at Rs.42000 p.m. Compute his salary income for the previous year 2017 – 18 if, (a) Salary is due on 1^{st} of every months, (b) Salary is due on last date of every month.

7. From the particulars given below, find out whether the employee, who is neither a director nor a shareholder, is specified employee or not if:

(a) He is Haryana Govt. employee.

(b) He is private sector employee.

Particulars	**Rs.**
Salary	24000
D.A	3000
H.R.A	24000
Rent paid at Chandigarh	18000
Entertainment Allowance	11000

8. From the particulars given below compute the gross salary:

1. Salary – Rs. 448000

2. Bonus – Rs. 20000

3. Free gas, electricity, water etc., (actual bill paid by company) – Rs. 16000

4. Furnished flat provided to the employee at Kanpur (Population above 25 lakhs) for which actual rent paid by the company – Rs. 120000

5. The employee pays Rs.4000 p.m. as rent to the company.

6. Furniture at cost (including television, fridge and air-conditioner) – Rs. 120000

9. Mr. Hari was allowed to use a microwave owned by employer. Its cost was Rs. 16000. Calculate the value of benefit if it is given to employee on:

a) 1-4-2017 b) 15-11-2017

10. Mr. Varinder Singh retired on 31.12.2017 and his pension was fixed at Rs.3600 p.m. He got 3/4th of the pension commuted for which he received Rs. 180000 from his employer, a Ltd. Co. Find out the taxable amount of commuted value of pension if:

a) he gets gratuity b) he does not get gratuity

Unit II

11. Compute the annual rental value in following cases:

Particulars	**Amount (Rs.)**
Municipal Rental Value	48000 (p.a.)
Actual Rent Received	50000 (p.a.)
Lift and Pump Maintenance charges paid by owner	6000 (p.a.)
Salary of common gardener and watchman paid by tenants to the owner and the actual expenses incurred by the owner during the year are Rs.4200	500 p.m.

12. Calculate the ARV from the following particulars given below:

Particulars	**Amount (Rs.)**
MRV	60000 (p.a.)
FRV	66000 (p.a.)
Actual Rent	7000 (p.m.)
Standard Rent	69000 (p.a.)

a. House was vacant for full year during the previous year 2017 – 18

b. House was vacant for two months during the previous year 2017 – 18

c. Actual rent of the house is Rs. 4000 p.m. and was vacant for two months

13. Mr. Vimal built a residential house at Hydrabad and for the completion of the house he took a loan of Rs.20 Lacs from a bank as under:

1. On 1.5.2011 - Rs. 800000 @ 10%

2. On 1.11.2012 - Rs. 800000 @ 9%

3. On 1.1.2014 - Rs. 400000 @ 8%

House was completed in Oct 2014 and since then it is occupied for the residential purposes of his family. They repaid Rs. 400000 to the bank on 1st Dec. 2017 and the bank adjusted this amount against the loan of 2011. Discover the amount of deduction admissible u/s 24.

14. MRV of the residential house is Rs. 24000 and actual rent is Rs. 2500 p.m. During the previous year 2017-18 house was vacant for two months. The municipal taxes are @ 10% of MRV. During the year owner paid Rs. 30000 as arrears of municipal taxes. Interest on loan taken for the construction of house payable to his employer is Rs. 16000. Compute income from house property.

15. Mr. Pandi is the owner of a house property in Kanpur. It has been let out for Rs. 90000. The tax payable by the owner comes to Rs. 8400 on municipal valuation of Rs. 84000 but the landlord has taken an agreement from the tenant stating that the tenant would pay tax direct to the municipality. The landlord, however, bears the following expenses on tenant's amenities:

Particulars	**Amount (Rs.)**
Water Charges (as per agreement)	1000
Lift Maintenance	1000
Salary of Gardener	1200
Lighting of Stairs	800
The Landlord claims the following deductions:	
Repairs	30000
Land Revenue	1000
Collection Charges	2000

Legal charges incurred on purchase of land on which house property is situated Rs. 24000. Interpret the taxable income from house property.

16. Predict the previous year during which the following expenses can be debited:

a) Sales tax relating to previous year 2017-18 Rs. 20000. Out of this amount Rs. 10000 was paid on 5.4.2018, Rs. 5000 on 15.7.2018 and Rs. 5000 on 1.12.2018. Date of filing of return is 31.7.2018.

b) Bonus of Rs. 140000 relating to the previous year 2017-18 was payable to employees in December 2017 but was distributed in instalments on 1.12.2017. Rs. 50000 on 1.6.2018 Rs. 50000 and balance of Rs. 40000 was paid on 1.11.2018. The date of filing of return is 31.7.2018.

c) The provident fund deducted by employer out of employee's salary for March 2018 amounting to Rs. 29400 was paid to commissioner of provident fund by cheque on 15.4.2018 but cheque was encashed on 2.5.2018. Due date was 15.4.2018.

17. 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:

Particulars	**Amount (Rs.)**
Total receipts from sale of sweets (through electronic clearing system)	8500000
Total expenditure on purchase of all materials required to prepare sweets	5650000
Salary and wages paid to workers etc.	1560000
Rent of shop, shed etc.	340000
Depreciation	60000
Interest and salary to working partners (paid as per sec. 40(b))	320000

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

18. Demonstrate the general principles to be followed while computing the income under profits and gains of business or profession.

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

1. On 1.4.2017 he was owner of 8 vehicles out of which 2 were heavy goods vehicles and 6 were 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 good vehicles on 10.1.2018

4. Due to strike he could not use any of the vehicles for full month of Feb 2018. Find out his income for the assessment year 2018 – 19 if he opts for scheme given u/s 44AE.

20. Manipulate the deductions to be made under the Head Profits and Gains of Business or Profession under sections 30 to 44DB.

Unit III

21. Examine whether the following are Capital assets or not with reasons:

a) A car owned by an assessee and used by him and his family.

b) An air-conditioning plant owned by a company and installed at the residence of its managing director.

c) Silverware belonging to a Hindu Undivided Family which are placed before the family deity at the time of pooja or worship on special occasions.

22. Sketch the points to be considered in computation of Period of Holding.

23. Cost of acquisition in 2002-03 Rs. 120000. Find out the indexed cost if sold in 2017-18 (C.I.I for 2002-03 is 105 and for 2017-18 is 272)

24. Mr.Ankit received the following gifts during 2017-18.

1. He received a gift in cash of Rs. 20000 from his uncle on 30.6.2017.

2. He received a cheque of Rs. 30000 as a gift from his brother on 10.11.2017.

3. He received a gift of Rs. 21000 on his wedding from Mr.X on 1.12.2017.

4. He received Rs. 25000 as gift from his non-resident friend Mr. Y 30.12.20017.

5. He received Rs. 51000 as a gift from his brother-in-law on 31.1.2018.

6. He received Rs. 5000 from Mr. Z, his resident friend on 15.2.2018.

Organise the amount of taxable gifts chargeable under the head Other Sources.

25. Compute the income from other sources from the information given below:

1. Winning from lottery - Rs.100000

2. Amount received from race winnings - Rs. 35000

Gifts received during the previous year 2017 -18

1. Received Rs.20000 as gift from his friend.

2. Received Rs. 100000 as gift from his elder brother.

3. Received Rs. 140000 as gift on his marriage.

4. Received Rs. 80000 as gift from his NRI friend on 1.1.2018.

5. Another gift of Rs. 18000 received from his friend.

26. The following investments are held by Mr. Laxman on 1.4.2017:

1. Rs. 40000, 10% U.P Government Loan.

2. Rs. 35000, 8% Debentures of a Sugar Mill Co. Saharanpur.

3. Rs. 50000, 12% Debentures of Ugly Trading Co.

On 1.9.2017, he sold the debentures-cum-interest of Ugly Trading Co. and purchased Rs. 60000, 15% debentures-cum-interest of Beauty Trading Co. Interest on investments is received half yearly on 1st July and 1st January every year. Predict income from securities for the previous year 2017-18.

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

1. Business profit for the previous year 2017-18 – Rs. 20000

2. B/F Business Loss of 2015-16 - Rs. 10000

3. Capital loss on shares - Rs. 60000

4. Loss from self-occupied house (u/s 24) - Rs. 5000

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

Particulars	Assessment year 2017 - 18	Assessment year 2018 – 19
Income from Salary (Computed)	15000	15000
Income from Interest on Securities (Gross)	5000	5000
Loss from Business	53000	15000
Short term capital gain	8000	-
Long term capital gain (Land)	21000	-

29. Employ the important points regarding the deductions u/s 80 to be considered in computation of gross total income.

30. Mr.X is a Government employee, and he, his father (who is not dependent on him) and his son are suffering from notified illness. He has incurred the following expenses on treatment:

Particulars	Amount (Rs.)
On his own treatment	50000
Amount reimbursed by employer	20000
On treatment of his son	40000
Insurance claim received	18000
On treatment of his father	20000
Insurance claim received	6000

Predict the amount of deductions u/s 80DDB.

Unit IV

1. Explain about the Goods and Services tax(GST)
2. Describe the benefits which accrue while using GST.
3. Explain the concept of IGST.
4. Narrate the concept of CGST.
5. Explain about the features of GST.
6. Describe the features of Indirect tax.

7. Discover the difference between CGST and SGST.
8. Mention the slab rate taken for GST.
9. List out the existing taxes are proposed to be the subsumed under the GST.
10. Explain the role of GST council.

Unit V

1. How GST returns to be filed?
2. List the persons who are liable to pay GST under the proposed GST regime.
3. Explain about the benefits available to small tax payers under the GST regime.
4. How will you classify the goods and services under the GST regime?
5. Expand GSTN and explain its role in GST regime.
6. Describe the registration procedure under the GST.
7. List out the persons are liable under the GST.
8. List out the persons who are not liable under the GST.
9. List out the who are exempted from the GST.
10. Enumerate the document required to register under GST.

K4 & K5 Level Questions

Unit I

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

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

Particulars	**Amount (Rs.)**
Income from business in Mumbai	80000
Income from house property in Pune	20000
Pension from former employer for service rendered in India but received in UK	24000
Profit from business in UK but controlled from Mumbai out of this Rs. 20000 were received in India	160000
Dividend from an Indian Company but received in UK	18000
Income from agriculture in Nepal: received there but later on remitted to India	60000
Interest on Bonds issued by UK Government out of which 50% is received in India	40000
Past untaxed income of 2014-15 to 2016-17 brought into India during 2017-18	400000
Income from house property in UK and donated there to a notified charitable institution	20000

Compute the total income for the assessment year 2018-19 if Mr.RTM is a) Resident b) Resident but not ordinarily resident and c) Non Resident.

3. Mr. M, Marketing Manager of a company was working in Hyderabad (Population above 25 lakhs). He has been provided rent free house in Hyderabad hired by company at Rs. 3500 p.m. On 1.10.2017 he is transferred to Cochin (Population 15 lakhs) where he is provided with company owned rent free house from 1.10.2017. He stayed at Cochin whereas his family stayed on in Hyderabad till 28th February 2018 and continue to occupy company accommodation. Compute the value of rent free house for the year ending on 31.3.2018 from the particulars given below:

Particulars	**Amount (Rs.)**
Salary	30000 p.m.
Project Allowance	2000 p.m.
Bonus (it includes gratuitous bonus Rs. 15000)	80000
Commission on turnover achieved by him	24500
Salary is due on the last date of the month.	

4. Mr. Sen Gupta retired on 31.5.2017 and his pension was fixed at Rs. 15000 p.m. His salary at the time of retirement was Rs.25000 p.m. Compute the taxable amount from salary and pension for the previous year 2017-18 in following situations if salary and pension are due on 1st of every month:

a) He gets 1/3rd of his pension commuted from his employer (which is Punjab Govt.) and gets Rs.300000 as commuted value.

b) He gets ½ of his pension commuted from his employer (a company) and gets Rs. 450000 as commuted value. Company has given him gratuity also.

c) He commutes 3/4th of his pension during January 2018 and gets Rs. 675000 as commuted value. He does not get any gratuity from his employer which is a company.

5. Mr. A received the following emoluments during the previous year 2017-18 at Patna (Population 20 lakhs)

Particulars	Amount (Rs.)
Basic Salary (due on last day of the month from 1.1.2017)	40000 p.m.
Increment Rs.2000 p.m. from 1.6.2017	
D.A (50% of this enters into pay for retirement benefits)	8000 p.m.
Education allowance for three children (one of the child is staying in hostel) (Per Child)	400 p.m.
Transport Allowance	1800 p.m.
Medical Allowance	400 p.m.
Entertainment Allowance	1000 p.m.
House Rent Allowance (upto 31.8.2017)	8000 p.m.
Rent free house with effect from 1.9.2017: rent paid by employer	10000 p.m.

The same accommodation was hired by employee till 31.8.2017 and later on employer hired it and was given to the employee free of rent. The accommodation was furnished by the employer at the cost of Rs. 60000. Compute the value of rent free house and taxable H.R.A for the previous year ending on 31.3.2018.

Unit II

6. Mr.Z has given his premises on hire from 1.8.2013 to a business for its office. He submits the following particulars:

Particulars	Amount (Rs.)
MRV	144000
FRV	148000
Standard Rent	160000
Actual Rent	180000
Municipal Taxes	14400 p.a.
Interest on loan for purchase of house	45000

As per the agreement, rent increases to Rs. 16000 p.m. from 1.12.2016. But amount of increased rent is paid in December 2017. Compute his income for the previous year 2017-18.

7. From the particulars given below for two self-occupied houses advise the owner as to which house he should choose as self-occupied for the assessment year 2018-19.

Particulars	House A (Rs.)	House B (Rs.)
Municipal Rental Value	24000 p.a.	30000 p.a.
Municipal Taxes (50% paid)	2000 p.a.	3000 p.a.
Ground Rent	500 p.a.	1000 p.a.
Fire Insurance Premium paid	1000 p.a.	2000 p.a.
Interest on loan taken to construct the house	15000 p.a.	18000 p.a.
Other Income	200000 p.a.	-

8. Mr. Ray, who has income only from house property, submits the following information about his house property income:

Particulars	Amount (Rs.)
Gross rental income of the year (after deducting following items)	100000
Depreciation	24500
Life Maintenance Charges	7500
Municipal Taxes (10% of MRV of Rs. 150000)	15000
Vacancy	10000

Repairs	18000
Pay to Chowkidar	1000
Bank commission	500
Legal expenses on recovery of rent	8000
Salary of gardener	1200

9. The following is the profit and loss account of Mr.X for the year ended on 31.3.2018. Compute his taxable income for the assessment year 2018-19.

Particulars	Amount (Rs.)	Particulars	Amount (Rs.)
To Opening Stock	15000	By Sales	80000
To Purchase	40000	By Closing Stock	20000
To Wages	20000	By Gift from Father	18000
To Rent	6000	By Sale of Motor Car	9000
To Repair to Motor Car	3000	By Income tax refund	3000
To Wealth tax paid	3000		
To Medical Expenses	3000		
To General Expenses	10000		
To Depreciation on Motor Car	3000		
To Advance Income Tax Paid	1000		
To Profit for the Year	26000		

Following further information is given:

1. Mr. X carries on his business from rented at Delhi half of which is used as his residence.

2. Mr. X bought a car during the year for Rs. 20000. He charged depreciation on the value of car. The car was sold during the year for Rs. 9000. The use of the car was 3/4th for the business and 1/4th for personal purposes.

3. Medical expenses were incurred during sickness of Mr.X for his treatment.

4. Wages include Rs.250 per month on account of Mr. X's driver for 10 months.

10. An assessee, an individual owns several assets. He sold the following assets during the financial year 2017-18:

a. Share sold for Rs. 180000 on 20.12.2017. These were purchased in Sept.2004 for Rs. 80000.

b. Sale of listed debentures for Rs.20000 on 31.1.2018. These were purchased in June 2003 for Rs.30000.

c. Sale of a Residential house. It was inherited from his father in June 1979. It was built at a cost of Rs. One lakh by his father in 1975. Additions were made by him at a cost of Rs. 150000 in May 1992. Its fair market value as on 1.4.2001 was Rs.440000. Alterations and additions were made in March 2008 at a cost of Rs. 200000. This property was sold for Rs.28 lakhs in June 2017. The selling expenses were Rs. 20000, on brokerage etc. He purchased another residential house for Rs. 650000 in Dec 2017.

Compute taxable capital gain for the assessment year 2018-19 if C.I.I for 2001-02 is 100, 2003-04 is 109, 2004-05 is 113, 2007-08 is 129 and for 2017-18 is 272.

Unit III

11. Determine the incomes that come under the head as "Specified Incomes" while treating the income from other sources.

12. Mr. Basu received following gifts during the previous year 2017-18:

1. On 13^{th} April 2017, on his birthday, he received following gifts:

    1. Rs.11000 from his father
    2. Rs.11000 from his grand father
    3. Rs.11000 from his father's cousin
    4. Rs.5000 from his father's friend.
    5. Rs.5000 from his own friend.
    6. Rs.51000 from his friend in U.S.A
    7. Rs.5000 from his mother's cousin
    8. Rs.21000 from other friends and neighbours
    9. He received a gift of an imported watch worth Rs.35000 from another friend from U.S.A.

2. On 20th September 2017, on the occasion of his marriage, he received following gifts:

1. Rs.11000 from his mother
2. Rs.11000 from his maternal uncle
3. Rs.11000 from a friend of his father
4. Rs.5100 from his friend
5. Rs.51000 from various friends and relatives, neighbours.
6. Rs.11000 from his employer.

3. On 25th October 2017, he received following gifts which were gifted to him by his mother's mother through a will which she executed in his favour before her death.

1. A plot worth Rs.500000
2. Bank deposits worth Rs.100000

4. A friend from America gifted him a computer worth Rs.50000 on 30th November 2017.

Find out the amount of taxable gifts for the A/y 2018-19.

13. Predict the chart showing the Set-Off and Carry Forward and Set-Off of Losses in detail.

14. From the following particulars of income of assessees A, B and C, how the capital losses shall be set-off and carried forward for the previous year ending on 30.3.2018?

Category	**Particulars**	**Amount (Rs.)**
A	Business Income	15000
	Short-term capital loss	1200
	Long-term capital gain (shares)	7200
	Long-term capital gain on sale of Jewellery	20000
B	Business Income	30000
	Short-term capital gain	40000
C	Business Income	60000
	Short-term capital gain	20000
	Long-term capital gain (land)	17000
	Carry forward loss (short-term capital assets)	50000

Unit IV and V

15. Determine the deductions to be carried out in respect to the deductions under certain payments and incomes.

16. Sketch the History of Goods and Services Tax (GST) in India.

17. Explain about the basic concepts used in GST

18. Explain about the levy of GST on intra-state supply.

19. Illustrate the difference between the levy of Goods intra and interstate supply.

20. Clarify the goods which are exempted from GST.

21. Explain about the levy of GST on inter-state supply.

22. List out the services which are exempted from the GST.

23. Briefly explain about the advantages of using GST among traders.

24. Explain in detail about the registration process under the GST.

25. List out the document required for GST registration and also write the effective date of registration for GST.