

Register Number :

Name of the Candidate :

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B.Com. DEGREE EXAMINATION, 2008

(THIRD YEAR)

(PART - IV)

(PAPER - VII)

353. INCOME - TAX LAW AND PRACTICE - I

(*Optional - I*)

(*Including Lateral Entry*)

December]

[Time : 3 Hours

Maximum : 100 Marks

Answer any FIVE questions.

All questions carry equal marks.

(5 × 20 = 100)

1. Explain scope of income - tax law.
2. Explain any five components of taxation.

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3. What are the different categories of assesses according to the residential status? How will you ascertain the residential status of an Individual and HUF?
4. "The Income - Tax Act, gives absolute exemption in respect of certain incomes". - Discuss.
5. State the provisions relating to advance payment of tax, giving suitable examples.
6. Discuss the various provisions regarding depreciation.
7. (a) Mr. Anandan, a citizen of U.S.A. has been staying in India since, 1984. He leaves India on 16-7-2007 on a visit to U.S.A. and returns on 4-1-2008. Determine his residential status for the previous year 2007 - 2008 :

(b) Mr. Perumal earns the following income during the financial year 2007 - 2008 :
 - (i) Interest paid by an Indian company but received in London Rs. 2,000.

Additional informations :

- (a) Depreciation as per income - tax rules is Rs. 2,500.
- (b) General expenses include Rs. 500 spend on printing of calendars.

Compute his business income.

10. Following is the profit and loss account of Mr. Elango for the year ending 31st March, 2008 :

Particulars	Rs.	Particulars	Rs.
To General Expenses	17,000	By Gross profit	66,000
„ Interest on capital	2,000	„ Profit on sale of car	15,000
„ Salary to proprietor	12,000	„ Bad debts recovered	5,000
„ Staff salary	18,000	„ Interest on securities	8,000
„ Bad debts	2,000	„ Dividend	8,000
„ Advertisement	3,000		
„ Fire insurance	1,500		
„ Depreciation	3,000		
„ Provisions for bad debts	1,500		
„ Income tax	5,000		
„ Donation to a school	4,000		
„ Car expenses	3,000		
„ Net profit	30,000		
	1,02,000		1,02,000

- (ii) Pension from former employer in India, received in U.S.A. Rs. 8,000.
- (iii) Profits earned from business in Paris which is controlled in India, half of the profits being received in India Rs. 40,000.
- (iv) Income from agricultural in Bhutan and remitted to India Rs. 10,000.
- (v) Income from property in England and received there Rs. 8,000.
- (vi) Past foreign untaxed income brought to India Rs. 20,000.

Determine the total income for the assessment year 2008 - 2009, if he is

(I) Resident and ordinary resident.

(II) Not ordinary resident

and (III) Non - resident in India.

8. Mr. Niraimathi an employee of a Textile Mill, has given the following salary income :

(a) Salary at Rs. 6,000 p.m.

(b) Bonus at six months salary.

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- (c) Travelling allowance for tour at Rs. 600 p.m.
- (d) Entertainment allowance of Rs. 250 p.m.
- (e) Commission equal to four month's salary.
- (f) He has been provided with rent free furnished house valued at Rs. 3,000 p.m. and furniture and fittings of the value Rs. 10,000 (population being 15,00,000).
- (g) He is also, provided with lunch at free of cost by the company during working hours valued at Rs. 10 per day for 300 working days.
- (h) He contributes Rs. 560 p.m. to RPF and employer contributes equal sum. The interest credited to the PF account is Rs. 12,000 at 12 % p.a.

Compute the taxable salary income.

9. Mr. Udhayakumar owns a big house the construction of which was completed in May, 1994. 50 % of the floor area is let out for residential purpose on a monthly rent of Rs. 6,400. However, this portion remained vacant for one month during 2007 - 2008. 25 % of the floor area is used by the owner for the purpose of his profession, while the remaining 25 % of the floor area is utilised for the purpose of his residence. Other particulars of the house are as follows :

	Rs.
Municipal value	- 1,20,000
Standard rent	- 1,80,000
Municipal tax paid	- 24,000
Repairs	- 6,000
Interest on capital borrowed for repairs	- 56,000
Ground rent	- 8,000
Annual charges	- 12,000
Insurance premium	- 24,000

Compute the taxable income from the house property for the assessment year 2008 - 2009.

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