

**‘VIVEKANANDHA COLLEGE FOR WOMEN
DEPARTMENT OF COMMERCE (CA)
MONTHLY EXAMINATION-SEPTEMBER-2011
INCOME TAX LAW & PRACTICE - I
III.B.COM (CA)**

Time: Three hours

Maximum:75 marks

SECTION A – (10*2=20 marks)

Answer ALL questions

1. Define Assessee.
2. What is an assessment year?
3. Who is an “Assessee – in- default”?
4. Name the five heads of Total Income.
5. Define salaries.
6. Expand the following: a) PPF b) URPF
7. Name any two fully taxable allowances.
8. How to calculate exempted HRA with conditions?
9. List out any four deductions under section 80 C.
10. What is the exemption given for Transport and conveyance allowance?

SECTION B– (5*5=25marks)

Answer ALL questions

11. a) What are the types of assessee? **(OR)**
b) Who are called as person? Explain it.
12. a) Explain about “Basic Condition” & “Additional Condition” to determine residential status of an Individual. **(OR)**
b) Following are the incomes of Sri kumar for the financial year 2010-11: Rs

| | |
|--|--------|
| i) Interest on saving Bank deposit in Allahabad Bank, Delhi | 1,200 |
| ii) Income from agriculture in Africa invested in Nepal | 10,000 |
| iii) Dividend received in U.K. from an American company, a Part of which Rs. 2,000 remitted to India | 10,000 |
| iv) Pension received in Belgium for service rendered in India With a Limited company | 20,000 |

You are required to compute gross total income for the assessment year 2010-2011 if he is a 1) Resident 2) Not Ordinary Resident 3) Non- Resident.

13. a) Calculate the taxable amount of annual accretion to R.P.F. if following information is provided by assessee:
 - i) Pay @ Rs. 7,500 P.M.
 - ii) Commission received by him on the basis of turnover achieved By him Rs. 6,000;
 - iii) 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)

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

14. a) Mr. A. B. sen has furnished following particulars:

Salary @ Rs. 10,000 p.m.

Dearness allowance @ Rs. 500 p.m. (It enters into pay for retirement benefit)

Entertainment allowance Rs. 600 p.m.

Bonus Rs 8,400

Cost of furniture Rs. 20,000

Calculate the value of rent free house if:

Mr. A.B. Sen is working in private sector at Chandigarh (Population more than 10 lakhs) and Fair rental value of the house hired by employer is 3,000 p.m. He is also provided with hired refrigerator whose hire charges of Rs. 600 p.m. are paid by employer.

(OR)

b) i) Mr. Kannan employed on part basis with two companies i.e., F company Ltd., and G company Ltd., The particulars of his income for the previous year 2010-11 are as under:

| Particulars | Company F | Company G |
|--|-----------|-----------|
| Salary | 30,000 | 15,200 |
| Conveyance allowance (actual expenditure For job Rs. 300 p.m.) | ----- | 4,800 |
| Overtime allowance | ----- | 3,600 |
| Employer's contribution to RPF | 1,500 | 2,400 |
| Value of rent free house (computed) | 3,000 | ----- |

Mr. Kannan neither a Director nor a substantial share holder of either F Ltd., or G Ltd., is he a specified employee?

ii) What difference it will make if overtime allowance is Rs. 3601?

15. a) Mr. Ram who is not covered by payment of Gratuity of Act 1972, retired on November 15, 2010 from Polyflex Ltd., and received 1, 96,000 as gratuity after 37 years and 6 months service. His salary is Rs. 7,500 p.m. up to July 31, 2010 and Rs. 8,500 p.m. from 1st August 2010. Beside he gets Rs.800 p.m. as DA (Rs 600 forms part of salary). Calculate taxable gratuity.

(OR)

b) Mr. Katheer retired from the service of Government of TamilNadu on 30th June 2010. On 1st January 2011 he got 2/3 of his pension commuted for Rs 90,000. Calculate taxable value of pension. His pension is Rs. 1,200 p.m.

SECTION C - (3* 10= 30)

Answer ANY THREE Questions

16. Define Income? Explain the features of Income.
17. How to determine residential status of an individual? (Sec 6)
18. From the following particulars of Mr. Harish calculate total income if he is
a) Ordinary b) Not Ordinary Resident c) Non- Resident.
- | | |
|---|----------|
| i. Income from profession set-up in India but amount received in Africa | 1,25,000 |
| ii. Income accrued in Bhopal but received in Uttaranchal | 29,000 |
| iii. Income from business in Uganda, controlled from Trichy (Rs. 25,000 received in Trichy) | 50,000 |
| iv. Royalty received from Government of India | 75,000 |
| v. Past untaxed profit of 2003-04 brought into India during the Current previous year | 85,000 |
| vi. Gift in foreign currency from a friend received in India | 56,000 |
| vii. Salary from an Indian company received in London (2,00,000 is paid for service rendered in India) | 5,00,000 |
| viii. Dividend from Indian Company | 1,00,000 |
| ix. Dividend from a Foreign Company 1,50,000 received in India | |
| x. Income from agriculture in USA | 1,00,000 |