

Reg. No. :

Name :

**Third Semester M.Com. Degree Examination, January 2017
Paper – I : CO 231 : INCOME TAX PLANNING AND MANAGEMENT
(2014 Admission)**

Time : 3 Hours

Max. Marks : 75

PART – A

Answer the following questions. **Each** question carries **two** marks.

1. Distinguish between Capital and Revenue expenditure as per Income Tax Act.
2. Define salary.
3. Distinguish between not ordinarily resident and non-resident individual.
4. Define annual value of a house property.
5. What is the Income Tax treatment of speculation profit ?
6. What do you understand by bond washing transaction ?
7. What is the tax treatment of advance money received for not completed capital asset transfer ?
8. What do you mean by PAN ?
9. Briefly explain deduction under Section 80 C of the Income Tax Act.
10. What do you mean by carry forward and set off ? **(10×2=20 Marks)**

PART – B

Answer **any 5** of the following. **Each** question carries **5** marks.

11. Explain the rules relating to the computation of exempted portion of House Rent Allowance.
12. Define a capital asset and explain the items exempted from this definition.



13. Mr. X is the owner of 3 houses which are all let out and are not governed by the Rent Control Act. From the following compute the Gross Annual Value in each case.

Particulars	House I	House II	House III
	Rs.	Rs.	Rs.
Municipal Value	30,000	20,000	35,000
Fair Rent	36,000	24,000	32,000
Actual Rent	32,000	28,000	30,000

14. From the following, compute the Total Income of Mr. D for the Assessment Year 2015-16.

- Loss from house property Rs. (-) 8,000.
- Short term capital gain on sale of shares Rs. 95,000.
- Long term capital loss on sale of bonds Rs. (-) 85,000.
- Interest on Government securities Rs. 18,000.
- The Assessee has unabsorbed depreciation of Rs. 35,000 being brought forward from 2013. Assessee has closed this business and all assets have been disposed off.

15. Explain the clubbing provision of income.

16. Define agriculture income.

17. Explain the provision relating to carried forward and set off in case of loss from a discontinued business.

18. Distinguish between tax planning and tax evasion.

(5×5=25 Marks)

PART - C

Answer any two of the following. Each question carries 15 marks.

19. Mr. Mohan furnishes the following details of his salary. Compute the Income from salary for the Assessment Year 2015-16.

	Rs.
1) Salary	1,80,000
2) Encashment of one month's earned leave	15,000
3) Refreshment during office hours at an estimated cost of Rs. 600 p.m.	7,200



4) The employer provides him lunch at work place in all working days. The cost per meal is Rs. 40	12,000
5) The employer paid his club bills	15,000
6) The employer has provided him telephone at his residence and paid Rs. 12,000 on account of telephone bills but did not recover anything from him	12,000
7) He spend Rs. 12,000 for uniform and the employer paid him	9,600
8) The employer paid a research expenditure allowance of Rs. 1,000 p.m. but his expenditure on research for the period is Rs. 11,000	12,000
9) Employer granted a scholarship to his son studying in medical college @ Rs. 400 p.m.	4,800
10) Profession tax paid by the employer	1,000
11) Leave travel assistance to him and family paid by the employer. Actual travel cost is Rs. 5,000 and hotel bills are Rs. 7,000	12,000

20. The Indian Manufacturing Company gives you the following particulars from its accounts for the year ended 31-3-2015.

Particulars	Rs.
1) Net Profit as per Profit and Loss Account	9,42,000
2) Contribution to gratuity fund	1,00,000
3) Provision for bonus (amount payable as per Bonus Act is Rs. 1,80,000)	2,00,000
4) Fee paid to auditor Rs. 10,000 as audit fee and Rs. 7,000 for tax representation	17,000



5) Loss on sale of house property let out	40,000
6) Salary paid outside India without deducting tax at source	1,60,000
7) Shifting cost of factory premises to another location	10,000
8) Transferred to debenture sinking fund	10,000
9) Stamp duty paid on building took on lease	500
10) Spend on renovation of rented building	3,000

Compute the business income of the firm.

21. Explain the income exempted from Income Tax as per Section 10 of the Income Tax Act.
22. Explain the major deductions coming under Chapter VI A of the Income Tax Act.

(2x15=30 Marks)
