

# PC-9806/NJ

F-45/2110

INCOME TAX LAW-I-305

(Semester-III)

(Syllabus December, 2019)

Time : Three Hours]

[Maximum Marks : 70

**Note :** Attempt *two* questions each from Section A & B carrying 10 marks each. Attempt any *ten* short answer type questions from Section C carrying 3 marks each. Simple calculator (Not Scientific) is allowed.

## SECTION—A

- I. How is residence of an individual determined for tax purposes? Explain the incidence of tax liability.
- II. How would you distinguish a Capital Loss from a Revenue Loss? Give a few illustrations of both types of losses.

III. Compute income under the head “Salaries” of R for the assessment year 2019-20 from the following information :

	Rs.
1. Basic salary	20,000 p.m.
2. D.A. (60% of which is part of retirement benefits)	10,000 p.m.
3. Children education allowance	200 p.m. per child
4. Free lunch for 300 days in the office during office hours	80 per meal
5. Reimbursement of expenses incurred on credit card Provided by the employer	10,000
6. Gift of Titan watch	12,000
7. Rent free unfurnished accommodation at Delhi, the fair rent Value of which is Rs. 84,000 p.a.	
8. Motor car of 1.8 litre with driver both for official and private purposes	
9. Watchman facility by the employer. Wages of watchman paid by employer Rs. 1,000 p.m.	
10. Telephone facility at his residence. The employer has incurred expenses of Rs. 15,000 for the same.	

- IV. X owns a residential property in Chennai. It is let out to A Ltd. (rent being Rs. 40,000 per month). Municipal value of the property is Rs. 2,20,000, fair rent is Rs. 4,80,000. A Ltd. pays municipal tax. On April 7, 2018, rent is increased from Rs. 40,000 p.m. to Rs. 45,000 p.m. with retrospective effect from April 1, 2017. X gets Rs. 60,000 (being arrears of rent for the financial year 2017-18) on April 20, 2018. Find out the net income of X for the assessment year 2019-20 on the assumption that his income from other sources is Rs. 5,00,000.

#### **SECTION—B**

- V. Explain the provisions of Income-Tax Act, 1961 regarding carry forward and set-off of losses.
- VI. Enumerate the items of deductions allowable in computing income from other sources.
- VII. During the previous year Mr. Sohan transfers the following assets :
1. On April 30, 2018, he transfers a personal computer for Rs. 60,000 (it was purchased for Rs. 58,000 on January 1, 2018).
  2. On June 15, 2018, he transfers personal jewellery for Rs. 18,00,000 (purchased during 2006-07 for Rs. 80,000).

To avail of exemption he has invested Rs. 18,00,000 in purchasing new jewellery on the same day.

3. On June 18, 2018, he transfers a Tagore painting for Rs. 58,00,000 (purchased during 2004-05 for Rs. 24,00,000). Out of the sale consideration, Sohan purchases on the same day a Raja Ravi Verma painting for Rs. 40,00,000 and NHAH bond of Rs. 6,00,000.
4. On July 6, 2018, he transfers his personal car for Rs. 2,50,000 (this car was purchased in 2006 from second hand market for Rs. 80,000 and he spent Rs. 1,00,000 on renewal of the car. On the same day out of the sale consideration, Sohan purchases Rs. 1,00,000 REC bonds.

Find out the amount of capital gain chargeable to tax for the assessment year 2019-20.

- VIII. AB & Co. a partnership firm engaged in the manufacturing business has a gross receipt of Rs. 59,00,000 from such business. The partnership deed provides for payment of salary of Rs. 20,000 p.m. to each of the partners i.e. A and B. The firm uses machinery for the purpose of its business and the WDV of the machinery as on 1.4.2017 is Rs. 2,00,000. The machinery is eligible for depreciation @ 15%. Compute the profits from the business for the assessment year 2018-19, if the firm opts for the scheme

under Section 44AD and has received the following amount by account payee cheques :

- (1) Rs. 25,00,000 till 31.3.2018.
- (2) Rs. 6,00,000 between 31.3.2018-31.7.2018.
- (3) Rs. 5,00,000 after 31.7.2018.

### **SECTION—C**

#### **(Compulsory Question)**

IX. Attempt any *ten* questions :

1. Explain in brief the provisions of law relating to Preliminary Expenses.
2. Write a note on TDS.
3. Compute taxable income and loss to be C/F :

	Rs.
1. Business profit for the previous year 2018-19	20,000
2. B/F Business Loss of 2016-17	10,000
3. Capital loss on shares	60,000
4. Loss from self-occupied house (u/s 24)	5,000

4. Define Net Total Income.
5. Write a note on WDV u/s 43(6).
6. M, an employee of the Central Government, gets Rs. 30,000 p.m. as basic salary and is entitled to Rs. 1,500 p.m. as entertainment allowance. Compute the deduction under Section 16 (ii) from gross salary in respect of entertainment allowance.
7. Mr. A invested Rs. 1,00,000 in 9% tax-free debentures of a company. What will be his taxable interest for the previous year ending on 31-3-2019 if the rate of deduction of tax at source is @ 10% Interest accrues on 1st January every year.
8. What do you mean by perquisites?
9. Explain the term 'Standard Deduction'.
10. Gross Total Income of Mr. S as computed under Income Tax Act, for the assessment year 2019-20 is Rs. 4,60,000. He deposits Rs. 40,000 in PPF account. Compute the tax liability of Mr. S assuming that he has agricultural income of Rs. 1,00,000.

11. From the following information, calculate taxable amount of annual accretion to RPF :
  1. Basic Pay @ Rs. 15,000 p.m.
  2. Commission received [on the basis of turnover] Rs. 8,000.
  3. Employer's contribution to RPF @ 14% of salary
  4. Interest credited during the Previous Year 2018-19 to RPF balance @ 10% is Rs. 20,000.
  
12. Mr. H, an individual employed by a company in Jalandhar, draws a salary of Rs. 12,000 p.m. and CCA Rs. 1,000 p.m. He is also getting HRA of Rs. 13,000 p.m. (assuming actual rent paid is also Rs. 13,000 p.m.). Calculate taxable HRA.

## PUNJABI VERSION

**ਨੋਟ :** ਭਾਗ A ਅਤੇ B ਵਿਚੋਂ ਦੋ-ਦੋ ਪ੍ਰਸ਼ਨ ਕਰੋ। ਹਰੇਕ ਪ੍ਰਸ਼ਨ ਦੇ 10 ਅੰਕ ਹਨ। ਭਾਗ C ਵਿਚਲੇ ਕੋਈ ਦਸ ਸੰਖੇਪ ਉੱਤਰ ਵਾਲੇ ਪ੍ਰਸ਼ਨ ਕਰੋ। ਹਰੇਕ ਪ੍ਰਸ਼ਨ ਦੇ 3 ਅੰਕ ਹਨ। ਸਪਾਰਣ ਕੈਲਕੁਲੇਟਰ (ਵਿਗਿਆਨਕ ਨਹੀਂ) ਦੀ ਆਗਿਆ ਹੈ।

### ਭਾਗ—A

- I. ਟੈਕਸ ਦੇ ਮਨੋਰਥਾਂ ਲਈ ਕਿਸੇ ਵਿਅਕਤੀ ਦੀ ਰਿਹਾਇਸ਼ ਦਾ ਨਿਰਣਾ ਕਿਵੇਂ ਕੀਤਾ ਜਾਂਦਾ ਹੈ? ਟੈਕਸ ਦੀ ਦੇਣਦਾਰੀ ਦੇ ਵਾਪਰਨ ਦੀ ਚਰਚਾ ਕਰੋ।
- II. ਤੁਸੀਂ ਪੂਜੀ ਹਾਨੀ ਨੂੰ ਰੈਵਨਿਓ (ਆਮਦਨ) ਹਾਨੀ ਨਾਲੋਂ ਕਿਵੇਂ ਵੱਖਰਿਆਓਗੇ? ਦੋਵੇਂ ਪ੍ਰਕਾਰ ਦੀਆਂ ਹਾਨੀਆਂ ਦੀਆਂ ਕੁਝ ਉਦਾਹਰਣਾਂ ਦਰਜ ਕਰੋ।
- III. 2019-20 ਅੰਕਲਣ ਵਰ੍ਹੇ ਲਈ ਨਿਮਨ-ਦਰਜ ਅੰਕੜਿਆਂ ਤੋਂ R ਦੀ ਤਨਖਾਹ ਤੋਂ ਆਮਦਨ ਅੰਕੋ :

Rs.

- |   |                    |
|---|--------------------|
| 1. Basic salary                                       | 20,000 p.m.        |
| 2. D.A. (60% of which is part of retirement benefits) | 10,000 p.m.        |
| 3. Children education allowance                       | 200 p.m. per child |



	Rs.
4. Free lunch for 300 days in the office during office hours	80 per meal
5. Reimbursement of expenses incurred on credit card Provided by the employer	10,000
6. Gift of Titan watch	12,000
7. Rent free unfurnished accommodation at Delhi, the fair rent Value of which is Rs. 84,000 p.a.	
8. Motor car of 1.8 litre with driver both for official and private purposes	
9. Watchman facility by the employer. Wages of watchman paid by employer Rs. 1,000 p.m.	
10. Telephone facility at his residence. The employer has incurred expenses of Rs. 15,000 for the same.	
IV. ਨਿਮਨ-ਦਰਜ ਵੇਰਵਿਆਂ ਦਾ ਅਧਿਐਨ ਕਰਕੇ ਲੋੜੀਂਦੀ ਕਾਰਵਾਈ ਕਰੋ :	

X owns a residential property in Chennai. It is let out to A Ltd. (rent being Rs. 40,000 per month). Municipal value

of the property is Rs. 2,20,000, fair rent is Rs. 4,80,000. A Ltd. pays municipal tax. On April 7, 2018, rent is increased from Rs. 40,000 p.m. to Rs. 45,000 p.m. with retrospective effect from April 1, 2017. X gets Rs. 60,000 (being arrears of rent for the financial year 2017-18) on April 20, 2018. Find out the net income of X for the assessment year 2019-20 on the assumption that his income from other sources is Rs. 5,00,000.

### ਭਾਗ—B

- V. ਇਨਕਮ ਟੈਕਸ ਐਕਟ, 1961 ਅਧੀਨ ਕੈਰੀ ਫਾਰਵਰਡ ਅਤੇ ਹਾਨੀਆਂ ਦੇ ਸੈਟ ਆਫ ਸਬੰਧੀ ਵਿਵਸਥਾਵਾਂ ਵਿਚਾਰੋ।
- VI. ਹੋਰ ਸਰੋਤਾਂ ਤੋਂ ਹੋਈ ਆਮਦਨ ਵਿਚ ਕਟੌਤੀਆਂ ਦੀਆਂ ਪ੍ਰਵਾਨਿਤ ਮਦਾਂ ਵਿਚਾਰੋ।
- VII. ਨਿਮਨ-ਦਰਜ ਦਾ ਅਧਿਐਨ ਕਰਕੇ ਲੋੜੀਂਦੀ ਕਾਰਵਾਈ ਕਰੋ :

During the previous year Mr. Sohan transfers the following assets :

1. On April 30, 2018, he transfers a personal computer for Rs. 60,000 (it was purchased for Rs. 58,000 on January 1, 2018).

2. On June 15, 2018, he transfers personal jewellery for Rs. 18,00,000 (purchased during 2006-07 for Rs. 80,000). To avail of exemption he has invested Rs. 18,00,000 in purchasing new jewellery on the same day.
3. On June 18, 2018, he transfers a Tagore painting for Rs. 58,00,000 (purchased during 2004-05 for Rs. 24,00,000). Out of the sale consideration, Sohan purchases on the same day a Raja Ravi Verma painting for Rs. 40,00,000 and NHAI bond of Rs. 6,00,000.
4. On July 6, 2018, he transfers his personal car for Rs. 2,50,000 (this car was purchased in 2006 from second hand market for Rs. 80,000 and he spent Rs. 1,00,000 on renewal of the car. On the same day out of the sale consideration Sohan purchases Rs. 1,00,000 REC bonds.

Find out the amount of capital gain chargeable to tax for the assessment year 2019-20.

VIII. ਨਿਮਨ-ਦਰਜ਼ ਵੇਰਵਿਆਂ ਦੇ ਆਧਾਰ ਤੇ ਪੁੱਛੇ ਗਏ ਪ੍ਰਸ਼ਨ ਦਾ ਉੱਤਰ ਲਿਖੋ :

AB & Co. a partnership firm engaged in the manufacturing business has a gross receipt of Rs. 59,00,000 from such

business. The partnership deed provides for payment of salary of Rs. 20,000 p.m. to each of the partners i.e. A and B. The firm uses machinery for the purpose of its business and the WDV of the machinery as on 1.4.2017 is Rs. 2,00,000. The machinery is eligible for depreciation @ 15%. Compute the profits from the business for the assessment year 2018-19, if the firm opts for the scheme under Section 44AD and has received the following amount by account payee cheques :

- (1) Rs. 25,00,000 till 31.3.2018.
- (2) Rs. 6,00,000 between 31.3.2018-31.7.2018.
- (3) Rs. 5,00,000 after 31.7.2018.

### ਭਾਗ—C

### (ਲਾਜ਼ਮੀ ਪ੍ਰਸ਼ਨ)

IX. ਕਿਸੇ ਦਸ ਦੇ ਸੰਬੰਧ ਉੱਤਰ ਲਿਖੋ :

1. ਮੁੱਢਲੇ ਖਰਚਿਆਂ ਸਬੰਧੀ ਕਾਨੂੰਨ ਦੀਆਂ ਵਿਵਸਥਾਵਾਂ ਵਿਚਾਰੋ।
2. TDS ਉੱਤੇ ਇਕ ਨੋਟ ਲਿਖੋ।

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

Rs.

1. Business profit for the previous year 2018-19	20,000
2. B/F Business Loss of 2016-17	10,000
3. Capital loss on shares	60,000
4. Loss from self-occupied house (u/s 24)	5,000

4. ਨੈਟ ਕੁਲ ਆਮਦਨ ਨੂੰ ਪਰਿਭਾਸ਼ਿਤ ਕਰੋ।
5. ਧਾਰਾ 43(6) ਅਧੀਨ WDV ਤੇ ਇਕ ਨੋਟ ਲਿਖੋ।
6. ਕੇਂਦਰੀ ਸਰਕਾਰ ਦੇ ਕਰਮਚਾਰੀ M ਨੂੰ 30,000 ਰੁਪਏ ਪ੍ਰਤੀ ਮਹੀਨਾ ਅਤੇ 1,500 ਰੁਪਏ ਪ੍ਰਤੀ ਮਹੀਨਾ ਆਓ-ਭਗਤ ਭੱਤਾ ਮਿਲਦਾ ਹੈ। ਕੁਲ ਆਮਦਨ ਵਿਚੋਂ ਆਓ-ਭਗਤ ਭੱਤੇ ਸਬੰਧੀ 16 (ii) ਅਧੀਨ ਕਟੌਤੀਆਂ ਵਿਚਾਰੋ।
7. A ਨੇ 1,00,000 ਰੁਪਏ 9% ਟੈਕਸ ਮੁਕਤ ਡੀਵੈਂਚਰਾਂ ਵਿਚ ਨਿਵੇਸ਼ ਕੀਤਾ। ਜੇਕਰ ਸਰੋਤ ਤੇ ਟੈਕਸ ਦੀ ਕਟੌਤੀ 10% ਹੋਵੇ ਤਾਂ 31-3-2019 ਨੂੰ ਉਸ ਦਾ ਟੈਕਸ ਯੋਗ ਵਿਆਜ ਪਿਛਲੇ

ਸਾਲ ਕਿਤਨਾ ਹੋਵੇਗਾ? ਵਿਆਜ ਹਰ ਸਾਲ ਪਹਿਲੀ ਜਨਵਰੀ ਨੂੰ ਅਦਾਇਗੀਯੋਗ ਹੁੰਦਾ ਹੈ।

8. ਪਰਕਿਉਜ਼ਿਟਸ ਤੋਂ ਕੀ ਭਾਵ ਹੁੰਦਾ ਹੈ?
9. ਪ੍ਰਮਾਣਕ ਕਟੌਤੀ ਤੋਂ ਕੀ ਭਾਵ ਹੈ?
10. Gross Total Income of Mr. S as computed under Income Tax Act, for the assessment year 2019-20 is Rs. 4,60,000. He deposits Rs. 40,000 in PPF account. Compute the tax liability of Mr. S assuming that he has agricultural income of Rs. 1,00,000.
11. From the following information, calculate taxable amount of annual accretion to RPF :
  1. Basic Pay @ Rs. 15,000 p.m.
  2. Commission received [on the basis of turnover] Rs. 8,000.
  3. Employer's contribution to RPF @ 14% of salary.
  4. Interest credited during the Previous Year 2018-19 to RPF balance @ 10% is Rs. 20,000.

12. Mr. H, an individual employed by a company in Jalandhar, draws a salary of Rs. 12,000 p.m. and CCA Rs. 1,000 p.m. He is also getting HRA of Rs. 13,000 p.m. (assuming actual rent paid is also Rs. 13,000 p.m.). Calculate taxable HRA.
-