

2019

TAXATION-I — HONOURS

Paper : CC 4.1 Ch

Full Marks : 80

The figures in the margin indicate full marks.

*Candidates are required to give their answers in their own words
as far as practicable.*

Group - A

1. Mr. Paul, a foreign national (not being a person of Indian origin), came to India for the first time on April 17, 2014. During the financial years 2014 - 15, 2015 - 16, 2016 - 17, 2017 - 18 and 2018 - 19, he was in India for 150 days, 75 days, 21 days, 190 days and 72 days respectively. Determine residential status of Mr. Paul for the assessment year 2019 - 20. 5

Or,

- (a) On 10th May, 2018 the Assessing Officer comes to know that Mr. Subham Das will leave India on 30th May, 2018 with no intention of returning. The Assessing Officer wants to tax his income earned up to 30th May, 2018 along with the current assessment, which is objected by Mr. Das. — Discuss.
- (b) Mention any two fully exempted income.
- (c) State the status of 'Calcutta University' as per Sec. 2(31) of Income Tax Act, 1961. 2+2+1
2. State whether the following incomes are treated as agricultural income for the purpose of income tax :
- (a) Compensation received from the Government for the requisition of land which has been used for agricultural purposes.
- (b) Dividend received from a company whose major income constitutes agricultural income.
- (c) Profit earned from the sale of wild grass of spontaneous growth.
- (d) Income earned from the sale of tea grown and manufactured by the assessee.
- (e) Income by way of selling rice produced from the paddy purchased by the assessee. 5
3. Imtiaz submits the following particulars of the incomes and outgoings for the year 2018-19 :
- (a) Income from lottery (net after deduction of tax @ 30%) ₹ 84,000.
- (b) Rent from sub-letting of house ₹ 1,08,000; rent collection charge ₹ 1,800; Insurance premium ₹ 4,800; rent paid ₹ 84,000.
- (c) Dividend from ABPL Ltd., an Indian Company ₹ 24,000.
- (d) Dividend from Johnson Ltd., a foreign company ₹ 72,000.
- Compute his income from other sources for the assessment year 2019-20. 1+2+1+1

Please Turn Over

4. State the provisions of the Income Tax Act regarding clubbing of income of minor with the income of parents. 5

Or,

Compute amount of deductions available to the assessee u/s 80 in the following cases :

- (a) Shubharaj incurred medical expenditure of ₹ 75,000 for treatment of his dependent father who is 66 years old and suffering from cancer (certified by an approved doctor). He recovered ₹ 50,000 from the insurance company.
- (b) Suvankar has deposited ₹ 50,000 under a scheme framed by LIC for maintenance of his dependent brother with severe disability (90%). The disability is certified by the competent medical authority.
- (c) Saswata had taken a loan from bank for doing MBA. During the previous year he repaid ₹ 50,000 including interest ₹ 10,000. 2+2+1

Group - B

5. The following is the Profit and Loss Account of Shri Vivek Kr. Shaw for the year ended 31.03.2019 :

Dr.

Cr.

Particulars	₹.	Particulars	₹.
To Opening Stock	90,000	By Sales	5,35,000
” Purchases	3,85,500	” Closing Stock	1,44,000
” Wages	34,050	” Bad Debt Recovered	2,000
” Rent	12,000	(disallowed in earlier year)	
” General Charges	16,500	” Bank Interest	8,500
” Donation to National Defence Fund	2,500	” Dividend from UTI	3,500
” Salaries	64,600	” Interest on NSC	1,050
” Bad Debt	3,000	” Profit on sale of machinery	4,000
” Provision for doubtful debt	6,200		
” Depreciation	10,500		
” Income Tax	3,900		
” Legal Expenses	6,200		
” Interest on Capital	8,000		
” Net Profit	55,100		
	6,98,050		6,98,050

(3)

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Other Information :

- (a) Both opening and closing stock were valued at 10% below cost.
(b) Legal expenses include ₹ 3,000 paid as penalty for infringement of customs regulations.
(c) Purchases include ₹ 15,000 paid in cash.
(d) Depreciation as per IT rules ₹ 12,000.

Compute income from business of Mr. Shaw for the assessment year 2019 - 20.

10

Or,

- (a) Chemco Ltd. engaged in manufacture of chemicals and furnishes the following particulars relating to manufacturing unit at Haldia for the year ended on 31.03.2019 :

	₹
WDV of machinery on 01.04.2018	10,00,000
New machinery purchased on 01.08.2018	10,00,000
New machinery purchased on 01.01.2019	4,00,000
Machinery sold on 15.01.2019	1,00,000

All assets were put to use immediately. Rate of depreciation on machinery is 15%. Rate of additional depreciation is 20%.

Compute the depreciation allowable to Chemco Ltd. and the WDV of block of assets as on 31.03.2019.

- (b) Ms. Ritu Bala Khan engaged in the business of manufacture of jute bags furnishes the following particulars for the previous year 2018-19. Compute the deduction available u/s 35 while computing the income under the head profits and gains for business or profession.

Amount paid to IIT, Kharagpur for an approved scientific research programme	₹ 2,00,000
Amount paid to ISI, Kolkata for statistical research not related to business	₹ 20,000
Amount paid to IEST, Shibpur for scientific research	₹ 3,00,000
Purchased a piece of land in Aachipur for in-house research	₹ 10,00,000
Revenue expenditure incurred for in-house research	₹ 50,000

(4+1)+5

Please Turn Over

6. Smt. Samprity Karak furnished the following information for the previous year 2018-19 :

	₹
A. Income from Business	
Toy business	(+ 20,000)
Cloth business	(+ 46,000)
Readymade garments business	(- 12,000)
Speculative business	(+ 18,000)
B. Income from House Property	(+ 38,000)
C. Income from Capital Gain	
Long-term on sale of Land	(+ 44,000)
Short-term on sale of Gold	(- 21,000)
D. Income from other Sources	
Interest on Bank Deposit	(+ 12,000)
Winning from Lottery (Gross)	(+ 12,000)
E. Brought forward losses	
Speculation loss from 2017-18	20,000
Loss from Cloth business	8,000
Unabsorbed depreciation of Cosmetics business (discontinued from 2010-11) for the P.Y. 2001-02	5,000

Compute total income of Smt. Karak for the A.Y. 2019-20.

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Or,

Mr. Manik Das (aged 32 years) submits the following particulars for the assessment year 2019-20 :

	₹
Income from House Property	50,400
Income from Business	72,600
Long-term capital gains on sale of building	21,840
Interest from fixed deposit with a bank	18,000
Donations made to :	
Approved University of national eminence	3,600
Prime Minister's Drought Relief Fund (in kind)	1,800

(5)

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Prime Minister's National Relief Fund	4,500
J. L. Nehru Memorial Fund	2,500
Approved charitable Institution (paid by cheque)	16,200
Approved Political Party	10,000

Payment of medical insurance premium on his own health to GICI by cheque 31,600

Compute the amount of allowable deduction under section 80G.

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7. During the previous year 2018-19, Mr. Madhusudhan sold the following capital assets :

Asset	Sale Proceeds (₹)	Cost of acquisition (₹)	Date of acquisition	Fair Market value as on 01.04.2001
Debentures	2,48,000	1,68,000	30.06.1997	1,85,000
Gold	18,22,000	8,42,400	25.08.2005	8,10,000
Building	22,11,900	9,00,000	10.05.2008	9,86,400

Assuming that his business income is ₹ 3,47,500, determine his income for the assessment year 2019-20.

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[Cost Inflation Index for the financial year 2001-02: 100; 2005-06: 117; 2008-09: 137; and 2018-19: 280]

Group - C

8. Mrs. Bindhani, is working with T Ltd. receives the following emoluments during the previous year 2018-19 :
- Basic pay on 01.04.2018 ₹ 24,000 (increment of ₹ 1,000 p.m. falls due on 1st July each year).
 - Dearness Allowance (forming part of salary) @ 100% of basic pay.
 - Children Education Allowance ₹ 600 p.m. (she has one child).
 - Remuneration from Calcutta University as examiner ₹ 1,400.
 - Medical Allowance ₹ 1,000 p.m. and bonus ₹ 15,000 p.a.
 - The employer provided a free furnished accommodation in Kolkata. Fair rental value of the house was ₹ 4,500 p.m. and furnished with furniture costing ₹ 50,000. She was provided with a sweeper and a watchman whose monthly salaries were ₹ 3,000 and ₹ 4,500 respectively. A free telephone was also provided by employer at her residence, which was used by her both for personal and official purposes.

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- (g) She is a member of a recognised provident fund and contributed 14% of her salary. Her employer also contributed 14% of her salary to the provident fund.
- (h) Interest credited at 13% p.a. on credit balance of provident fund ₹ 6,500.
- (i) She had taken a life policy for ₹ 5,00,000 on her own life for which she paid a premium of ₹ 15,000 during the previous year. (Policy was taken on 01.08.17.)
- (j) Employer paid her professional tax of ₹ 1,000 p.m.
- (k) She is provided with a 14 H.P. car owned by employer and has been used both for the purpose of her employment and personal use. Entire expenses is borne by the employer.

Compute income from salary of Mrs. Bindhani for the assessment year 2019-20.

15

Or,

- (a) Mr. D. Podder, an employee of a private company in Kolkata (not covered under payment of Gratuity Act.), retired from service on December 31, 2018 after 32 years and 8 months of service. He received gratuity of ₹ 9,80,000. His salary at the time of retirement was ₹ 32,000 p.m. and dearness allowance was ₹ 6,400 p.m. (not forms part of salary). His increment of ₹ 900 p.m. fell due on 1st July every year. Calculate the amount of taxable gratuity of Mr. Podder for the assessment year 2019-20.
- (b) Mr. Rahul Kumar Thakur retired on 08.02.2019 from a private company after completion of 30 years and 9 months of service. He is entitled to 1 month leave for each completed year of service. He took 8 months leave during his service life. At the time of retirement his basic pay was ₹ 16,000 p.m. and D.A. @ 50% of basic pay. However, he got an increment of basic pay @ ₹ 1,000 p.m. from 01.01.2019. He received ₹ 4,00,000 as leave encashment. Compute taxable amount of leave salary of Mr. Thakur for the A.Y. 2019-20 [Assume D.A. forms part of salary].
- (c) Mr. Sourav Sikdar was working with a company at a salary of ₹ 20,000 p.m. on 31.12.2018, he left the job and received ₹ 2,50,000 as refund from Unrecognised Provident Fund (URPF). The amount of ₹ 2,50,000 includes ₹ 50,000 as accumulated interest. Both Sourav and his employer contributed equal amount to the provident fund. How the amount received by Mr. Sikdar will be treated for income tax purpose during the A.Y. 2019-20?

5+6+4

9. Sarju Middey is the owner of 2 houses in Kolkata. From the following particulars of the houses, compute his income from house property for the assessment year 2019-20 :

House A : Let-out to an employee of the business of Sarju @ ₹ 5,000 p.m. which is necessary for the purpose of business. Municipal tax paid ₹ 3,000 and interest on loan taken for purchasing the house amounted to ₹ 9,000.

House B : The house consists of 3 identical flats. First flat is used by him for his own business. Second flat is used by him for his own residence. The third flat is let out at a monthly rent of ₹ 15,000. Municipal taxes paid @5% amounted to ₹ 20,250.

Other information :

- (a) Unrealised rent for the P.Y. 2018 – 19 relating to third flat of House B amounted to ₹ 10,000.
- (b) A loan of ₹ 20,00,000 was taken on 01.07.2015 for construction of the House B. Construction of House B was completed on 01.06.2017. Interest on loan is 12% p.a. No repayment was made.