

Reg. No. : .....

Name : .....

**Third Semester M.Com. Degree Examination, January 2018**  
**Paper – I : CO 231 – INCOME TAX PLANNING AND MANAGEMENT**  
**(2014 Admission)**  
**Elective : Finance**

Time : 3 Hours

Max. Marks : 75

**PART – A**

Answer the following questions. **Each** question carries **2** marks.

1. Mention any 4 tax free perquisites.
2. What is RPF ?
3. State the meaning of annual value.
4. Define profession.
5. What do you mean by cost of acquisition ?
6. State any 4 incomes chargeable under other sources.
7. What does 80 DD stand for ?
8. What is gross total income ?
9. Define a domestic company.
10. What is the meaning of diversion of income ?

**(10x2 = 20 Marks)**

**PART – B**

Answer **any 5** questions. **Each** question carries **5** marks.

11. Discuss the computation of taxable income of companies.



12. Explain recovery of tax and rectification of mistakes.
13. What are the transactions which are not regarded as transfer of capital asset ?
14. Examine the deductions admissible from annual value of house property.
15. Distinguish between tax avoidance and tax evasion.
16. Calculate the allowable interest on loan from NAV of the house property for the AY 2017–18.
  - 1) Date of borrowing loan Rs. 1-6-2008
  - 2) Date of repayment of loan Rs. 10-5-2016
  - 3) Date of completion of construction May 2014
  - 4) Amount of loan borrowed Rs. 30,000
  - 5) Interest on loan Rs. 20% p.a.
17. Mr. A provides you the following details from his business books for the assessment year 2017–18.
  - 1) Net profit after charging the following Rs. 1,22,000
  - 2) Provision for discount on debtors Rs. 40,000
  - 3) House hold expenses Rs. 40,000
  - 4) Donation Rs. 70,000
  - 5) Computer purchased for scientific research Rs. 40,000
  - 6) Bearer cheque issued for purchases Rs. 25,000
  - 7) Audit fees paid in cash Rs. 25,000

Compute the business income.

18. From the following receipts and payments of Mr. Dinesh (resident), compute his taxable income under the head income from other sources.

Winning from M.P. State lottery Rs. 28,000

Winning from horse race Rs. 1,000

Winning from cross word puzzle Rs. 2,500

Gift received from a friend in USA Rs. 10,00,000

Winning from card games Rs. 2,000



Winning from camel race Rs. 30,000

Purchase of lottery tickets Rs. 3,000 and payments for betting in horse race  
Rs. 6,000

(5×5 = 25 Marks)

**PART – C**

Answer **any two** questions. **Each** question carries **15** marks.

19. Mr. Govind (resident) was an employee in a Co. which is not covered by the Payment of Gratuity Act. He submits the following particulars of income for the year 2017–18.

- 1) Salary @ Rs 12,000 p.m.
- 2) D.A. @ Rs. 4,500 p.m. under the terms of agreement.
- 3) He retired from service on 1-1-2016 after 34 years of completed service and received a pension of Rs. 6,000 p.m. and a gratuity of Rs. 2,50,000 (his average monthly basic pay for the last 10 months was Rs. 12,000).
- 4) He also received Rs. 9,00,000 from URPF - Rs. 3,80,000 as employer's contribution, Rs. 53,000 as interest thereon, Rs. 4,00,000 as employee's contribution and Rs. 67,000 as interest thereon.

Compute his GTI for the assessment year 2017–18 assuming that salary and pension are due on the last day of the month.

20. Mr. Krishnan is the owner of 3 houses. The following are the particulars of his property for the year ended 31-3-2017.

Particulars	Houses		
	1	2	3
Year of construction	2006	2008	2010
Purpose of use	let out to bank	self occupied	let out to Residence
Actual rent received P.A.	30,000	—	24,000
Municipal valuation	32,000	28,000	30,000



Municipal tax paid by Krishnan	1,200	1,000	3,000
Municipal tax paid by tenant	2,000	1,800	—
Total Municipal tax	3,200	2,800	3,000
Fire insurance premium	2%	20%	2%
Interest on loan taken for renewal of house	—	7,000	5,000

Compute taxable income from house property of Sri. Krishnan for the Assessment year 2017–18.

21. M/S Sheela Company Limited is a domestic company. The following incomes are furnished by the company.

- Income from export business Rs. 1,25,00,000
- Dividend from foreign company Rs. 10,00,000
- Dividend from domestic company (net) Rs. 50,000
- Long term capital gain Rs. 2,00,000
- Short term capital gain 1,25,000
- Income from listed securities (gross) Rs. 75,000
- Income from post office savings bank account Rs. 1,00,000
- Book profit under Section 115JB Rs. 90,00,000

The company donated Rs. 1,00,000 towards Prime Minister's Flood Relief Fund.

Compute the total taxable income and tax liability for the A.Y. 2017–18.

22. Briefly explain the tax planning with reference to any three investment decisions.

**(2×15 = 30 Marks)**