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Register Number:

**1461**

Name of the Candidate:

**B.B.S./ B.Com. DEGREE EXAMINATION – 2010**

**(BUSINESS STUDIES)**

**(THIRD YEAR) / (PAPER – XIV)**

**740. DIRECT TAXES**

*May.)*

*(Time: 3 Hours*

Maximum: 100 Marks

**Answer any FIVE questions**  
**All questions carry equal marks**

**(5×20=100)**

1. Define Direct Tax. Explain the basic concepts of income tax.
2. Explain the different allowances available to a salaried employee.
3. State the different deductions available from income from business or profession.
4. Describe the income that are taxed as income from other sources.
5. Define wealth and wealth tax. Explain the basis for charge of Wealth Tax.
6. Calculate the taxable income and tax liability of Thiru A.ARASU based on the following information for the previous year:
  - a) Salary after deduction I tax at source and contribution to recognised provident fund Rs. 2,00,000
  - b) Tax deducted at source Rs. 6,000
  - c) Own contribution to RPF Rs. 15,000
  - d) Employer's contribution to RPF Rs. 10,000
  - e) Interest credited to Provident Fund A/C at 10% p.a. Rs. 25,000.
  - f) He is allotted a furnished house at his place of work i.e., Chennai. Market rent of the house is Rs.1000 p.m but the licence fee determined by the government in accordance with the rules of allotment framed by it is Rs.4000 p.m. Cost of the furniture including in conditioner is Rs. 50,000 but its written down value is Rs. 30,000.
  - g) Travelling allowance Rs. 1000/- p.m.
7. Poomani owned as house property at Chennai which was occupied by her for the purpose of her residence. She was transferred to Mumbai in June of the previous year and therefore she let out the property with effect from 1<sup>st</sup> July on a monthly rent of Rs.7500. The corporation tax payable in respect of the property was Rs. 7500 of which 50% was paid by her before 31<sup>st</sup> March of the previous year. Interest on monthly followed for the

construction of the property amounted to Rs. 20,000. Compute her income from house property.

8. VAheesan submits the following particulars of his assets and liabilities as on 31<sup>st</sup> March 2009:

i) Residential house purchased at Puducherry bought in 2005 for Rs.1500000. It is let out at Rs. 3000 p.m. for residential purposes. However, it remains vacant for three months during the year. Municipal taxes payable are Rs.2000.

	<b>Rs.</b>
Market value of the House	20,00,000
ii) Shares in Tata steel, Infosys Ltd & S.B.I.	1,00,000
iii) Jewellery and ornaments	3,00,000
iv) Coparcenery interest in HUF property	1,00,00
v) Motar Car	2,00,000
vi) Cash in hand	50,000
vii) Land at Chennai	5,00,000

Compute his net wealth and wealth tax liability

9. From its following Profit and Loss A/C of Bala for the year ended 31<sup>st</sup> March 2009 compute his taxable income.

	<b>Rs.</b>		<b>Rs.</b>
Opening Stocks	1,00,000	Sales	8,50,000
Purchases	5,00,000	Dividend Received	50,000
Wages	1,50,000	Closing stock	50,000
Household expenses	10,000		
Repairs to car held for Personal use	3,000		
Income Tax	10,000		
General charges	1,000		
Bad Debis	2,000		
Bad Debts Provision	1,000		
Interest on capital	2,000		
Contribution to staff Pension Fund	5,000		
Purchase of furniture on 1-7-2008	10,000		
Audit Fees	3000		
Depreciation on furniture	1500		
Net profit	1,51,500		
	<b>9,50,000</b>		<b>9,50,000</b>

10. X purchases a house property for Rs.26000 on May 10, 1962. He gets the first floor of the house constructed in 1967-68 by spending Rs. 40,000. He dies on September 12,1978. The property is transferred to Mrs. X by his will. Mrs. X spends Rs, 30,000 and Rs.36,700 during 1979-80 and 1984-85 respectively for renewal /reconstruction of the property. Mrs. X sells the house property for Rs. 24,50,000 on March 15, 2008 (brokerage paid by Mrs. X is Rs.24,500). The gain market value of the house on April 1, 1981 is Rs. 26,8000

Cost inflation index : 2007-08 : 551

1984-85 : 125

Compute Mrs X's taxable capital Gain

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