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D.T.L. EXAMINATION, 2019

INCOME TAX ACT 1961

(Paper-II)

(2006 PATTERN)

Time : Three Hours

Maximum Marks : 100

- N.B. :—** (i) Question No. 1 is compulsory and carries **20** marks.
(ii) Answer any *five* of the remaining carrying **16** marks each.

1. X (22 years) is a mechanical engineer and is employed by a power generation company as a chief production manager. He gets 84,000 per month as salary and 2 month salary as bonus. Upto October 31st 2017, he was posted at the corporate office of the company at Chennai. He has been provided a rent free unfurnished accommodation at Chennai upto October 31st, 2017, which is owned by the company. With effect from 1st November, 2017 he has been transferred to the power generating site of the company which is situated in a 'remote area'. After October 31st, 2017 he gets the following allowances from the company.

Transfer allowances 1,40,000 (amount spent on fare and other incidental expenses in connection with such transfer : Rs. 1,02,000) a rent free furnished flat at power generating site (owned by the company) club facility at the power generating site for personal entertainment of the employee and family members (expenditure of company is Rs. 500 per month) Maruti car (for official and personal purposes but without driver, expenses of company Rs. 40,000), education facility

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to the dependent brother of X in a school owned by the company in the remote area at power generating site (cost of education in a similar institute is Rs. 600 per month) meal at the generating site (cost of meal Rs. 80 per day) and medical facility in employers hospital at the power generating site (expenditure of the company is Rs. 16,000). Company maintains unrecognized provident fund and contributes 14% of salary towards it. X contributes 10,000 per month. Income of X from other sources is fixed deposit bank interest of Rs. 1,17,000. Determine the net income and tax liability of X for the assessment year 2018-19 on the assumption that X contribute Rs. 1,40,000 to Public provident fund.

2. How to determine residential status of an individual under the Income Tax Act, 1961 ?
3. What is the basis of calculating income from a 'Let out property' under income from house property ?
4. What is included in income of an individual, and how taxable income is computed ?
5. X owns two houses at Amritsar and Pune. He transfers the following Capital Assets during 2017-18 :

| | Residential House Property at Pune | Gold | Silver |
|-----------------------------|---------------------------------------|-----------------|--------------------|
| Date of sale | April 10th 2017 | April 11th 2017 | April 12th 2017 |
| | Rs. | Rs. | Rs. |
| Sale Consideration | 10,00,000 | 8,00,000 | 6,00,000 |
| Indexed cost acquisition | 4,00,000 | 7,00,000 | 2,50,000 |

X purchases the following Assets

| | Date of Purchase | Amount Invested Rs. |
|--|------------------|------------------------|
| Residential house at Bombay | October 11 2017 | 7,00,000 |
| Bonds of National Highway authority of India for the purpose of section 54 EC. | October 10 2017 | 2,50,000 |

Ascertain the amount of capital gain chargeable to tax for the Assessment Year 2018-19. Can he claim exemption under section 54, 54EC and 54F. ?

6. What are the basic rules governing deductions under section 80C to 80U under the Income Tax Act, 1961.
7. Explain the meaning of 'Agricultural Income' and its tax treatment under the Income Tax Act, 1961.
8. Explain the rules regarding set off and carry forward of losses. ?