

Q.4 Write short note on

(2x5=

(a) Difference between Interpretation and Construction

10)

(b) Punctuations and Illustrations

**GUJARAT NATIONAL LAW UNIVERSITY
GANDHINAGAR**
Course: **Income Tax: Theory, Practice and Management**
Semester-IV (Batch: 2014-19)



Mid Semester Test: Feb-Mar. 2016

Date: 5th March, 2016

Duration: 2 hours

Max. Marks: 30

Instructions:

- Read the questions properly and write the answers in the given answer book.
- The respective marks for each question are indicated in-line.
- Do not write any thing on the question paper.
- Indicate correct question numbers in front of the answers.
- No questions or clarifications can be sought during the exam period, answer as it is, giving reason, if any.

Part-A (Compulsory)

Marks

- Q.1 Ms. Subramaniam, aged 60 years, a private sector employee, covered under the Payment of Gratuity Act, 1972, is working in Vishakhapatnam (Population: 2001 census- 35,29,494 and 2011 census (provisional)- 42,88,113). She is retiring on 31.3.2016 after serving 30 years and 6 months. At the time of retirement, her monthly emoluments are: Basic Salary- Rs.40,000, Dearness Allowance- 110% of basic salary (100% for retirement benefits), and other allowances and perquisites as mentioned below. (10)

1. Rent Free Furnished Accommodation (House is owned by the employer. The furniture is taken on lease. Lease rent paid is Rs.2,000 per month.)	
2. Transport Allowance (monthly)	Rs.6,000
3. Gratuity received while in service (received on 30.9.2014, no amount was exempted then.)	Rs.2,50,000
4. Gratuity	Rs.9,00,000
5. Leave Encashment at the time of retirement [Leave entitled- 28 days per year, leave availed- 270 days for the entire tenure]	Rs.5,00,000
6. Leave Encashment while in service	Rs.1,00,000
7. Commuted pension (70% of the total pension was commuted)	Rs.14,00,000
8. Employee's contribution to National Pension System (monthly)	Rs. 4,000
9. Expenditure on training of the employee	Rs.10,000
10. Conveyance Allowance- Rs 12,000 p.a. only 50% is used for official purpose.	
11. Tribal Area Allowance – Rs.2,000 p.m. for 2 months.	
12. Motor Car: He has used, a car (1.5 litres or 1500 cc) owned by the employer, partly for private and partly for official purposes. Maintenance cost and running expenses are borne by the employer. A chauffeur was also provided by the employer. There has not been any recovery from the employee.	

From the above information, calculate income under the head salaries of Ms. Subramaniam, assuming salary as the only source of her income for the Assessment Year (A.Y.) 2016-17.

Part- B (Answer any two questions from the following)

- Q.2 (a) Adarsh, aged 40 years, a private sector employee, not covered under the Payment of Gratuity Act, 1972, is working in Jaipur. His monthly emoluments are: Basic Salary- Rs.50,000, Dearness Allowance- 100% of basic salary (100% for retirement benefits), and other allowances and perquisites for the PY 2015-16 are as mentioned below. (06)

1. House Rent Allowance: Rs.5,000 per month, Rent paid is Rs.7,000 per month.	
2. Motor Car: He has used, a car (1.7 litres or 1700 cc) owned by the employee, partly for private and partly for official purposes. Maintenance cost and running expenses are borne by the employee. A chauffeur was also provided by the employer. There has not been any recovery from the employee.	
3. He availed Leave Travel Concession during December 2015. It was the second time in the block of four years starting 2013 and ending 2017. He spent Rs.50,000 for business class air travel, from Jaipur to Andaman & Nicobar Islands. Sea tour by yacht for Rs.40,000 and hotel and boarding expenses of Rs.30,000. The economy class airfare from Jaipur to Andaman is Rs.15,000.	
4. Research Allowance	Rs.20,000 p.a., the expense on research is Rs.25,000.
5. Hotel Accommodation on deputation to a remote site	10 days costing Rs.20,000
6. Preventive Health check-up Allowance	Rs.5,000 p.a.
7. Fixed Medical Allowance	Rs.5,000 p.a.
8. Children Education Allowance	Rs. 2,000 p.m. per child for 2 children
7. Servant Allowance	
9. Employer's contribution to Recognized Provident Fund	Rs. 4,000 p.m.

From the above information, calculate income under the head salaries of Adarsh, assuming salary as the only source of his income for the Assessment Year (A.Y.) 2016-17.

- (b) Determine the residential status of Kritika who is an Indian citizen, based on the fact that during financial years 2001-02 to 2015-16, she was present in India as follows, (04)

Previous Year	Days	Resident in any PY	Previous Year	Days	Resident in any PY
2015-16	181		2007-08	98	
2014-15	14		2006-07	130	
2013-14	75		2005-06	140	
2012-13	30		2004-05	210	
2011-12	185		2003-04	105	Resident
2010-11	210	Resident	2002-03	55	
2009-10	75		2001-02	160	
2008-09	189				