

**ECO - 11**

**Bachelor's Degree Programme  
(BDP)**

**ASSIGNMENT  
2013-14**

**Elective Course in Commerce  
ECO – 11: ELEMENTS OF INCOME TAX**

**For July 2013 and January 2014 admission cycle**



**School of Management Studies  
Indira Gandhi National Open University  
Maidan Garhi, New Delhi -110 068**

**Elective Course in Commerce**  
**ECO – 11: Elements of Income Tax**  
**ASSIGNMENT- 2013-14**

Dear Students,

As explained in the Programme Guide, you have to do one Tutor Marked Assignment in this Course.

Assignment is given 30% weightage in the final assessment. To be eligible to appear in the Term-end examination, it is compulsory for you to submit the assignment as per the schedule. Before attempting the assignments, you should carefully read the instructions given in the Programme Guide.

This assignment is valid for two admission cycles (**July 2013 and January 2014**). The validity is given below:

1. Those who are enrolled in **July 2013**, it is valid upto **June 2014**.
2. Those who are enrolled in **January 2014**, it is valid upto **December 2014**.

You have to submit the assignment of all the courses to **The Coordinator of your Study Centre**. For appearing in **June Term-end Examination**, you must submit assignment to the Coordinator of your study centre **latest by 15<sup>th</sup> March**. Similarly for appearing in **December Term-end Examination**, you must submit assignments to the Coordinator of your study centre **latest by 15<sup>th</sup> September**.

## TUTOR MARKED ASSIGNMENT

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Course Code	:	ECO - 11
Course Title	:	Elements of Income Tax
Assignment Code	:	ECO – 11/TMA/2013-14
Coverage	:	All Blocks

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**Maximum Marks: 100**

**Attempt all the questions.**

1. (a) Explain the meaning of previous year. What would be the previous year for the new business started during the financial year? State the exceptions of this rule.  
  
(b) (i) What are the conditions to become a resident of an individual under the provisions of Income tax Act?  
(ii) Shri Ajay came to India for the first time from America on 10<sup>th</sup> June, 2011. He returned to his home country after staying in India upto 25<sup>th</sup> December 2011. Will Shri Ajay be resident in India for the assessment year 2012-13. (10+5+5)
  
2. (a) What do you understand by perquisites? State provisions of Income tax Act relating to those perquisites which are taxable in case of specified employees only.  
  
(b) Mr. Nitin Kumar Gupta is employed in Shukla Transport Company Delhi. He gets the following from the company –
  - a) Salary @ Rs. 10,000 p.m.
  - b) Dearness allowance @ 10% of salary
  - c) Entertainment allowance @ 400 p.m. He is getting this allowance since 1<sup>st</sup> April, 1984 regularly. Mr. Gupta has spent Rs. 3000 out of this allowance during the course of his official duty.
  - d) Bonus equal to 2 months salary
  - e) Personal expense allowance (during performance of duty) @ Rs. 500 p.m.
  - f) Education allowance for children @ Rs. 300 p.m. (for children @ Rs. 100 p.m. for each child)
  - g) Hosted allowance @ Rs. 300 p.m. (for one child who is staying in a hostel)
  - h) House rent allowance @ Rs. 1500 p.m. He lives in the house owned by his wife, rental value of the house is Rs. 1000 p.m. He does not pay the rent. Compute his 'Salaries Income' of Mr. Nitin Kumar Gupta for the Assessment year 2012-13. (10+20)
  
3. (a) Define annual value. State the deductions that are allowed from the annual value for computing the Income from house property.  
(b) What do you understand by the term 'Capital Gain' used in Income Tax Act? What are the rules regarding exemption of Capital Gains? (10+10)

4. The following incomes are received by Mr. Alok during the financial year 2011-12.

	Rs
Director's fee	2,000
Income from Agricultural Land in Pakistan	5,000
Ground rent for land Pathankot	10,000
Interest on Post Office saving bank account	100
Interest on Deposit with Industrial Finance Corporation of India	500
Dividend from Foreign Company	700
Rent from sub letting a House	26,250
Rent payable by Mr. Alok for sublet House	12,000
Other expenses	1,000
Wining from Race-course	12,300
Interest on securities	4,000

You are required to calculate 'Income from other Sources' of Mr. Alok for the assessment year 2012-13. (20)

5. Mrs. Navneet Kaur furnishes the following particulars in respect of a house property owned by her in Nasik.

		Rs.
1	Actual rent received per month	4,200
2	Municipal valuation	40,000
3	Fair rent of the house property	48,000
4	Municipal taxes paid during the year (Rs. 3,400 paid by Mrs. Kaur)	4,000

The tenant vacated the property on 1.1. 2012 and thereafter the property remained vacant. Mrs. Navneet Kaur could not realize the rent for the months of November and December 2011. The tenant died on 12.01.2012. Compute the annual value of house property for the assessment year 2012-13. (10)