

FOURTH SEMESTER B.Com. DEGREE EXAMINATION, APRIL/MAY 2005

(Vocational Course)

Branch : Tax Procedure and Practice

Paper XII—WEALTH TAX AND GIFT TAX PROCEDURE AND PRACTICE

Time : Three Hours

Maximum : 70 Marks

Section A

*Answer any five questions.
Each question carries 2 marks.*

1. Define "Net Wealth" under the Wealth Tax Act ?
2. What is meant by "Debt" under the Wealth Tax Act ?
3. Name the types of exempted assets under Wealth Tax Act.
4. Who is the "Donor" under Gift-Tax Act ?
5. Name any four gifts exempted under the Gift Tax Act.
6. What is "Impartible Estate" ?
7. Define "Gross Maintainable Rent".

(5 × 2 = 10 marks)

Section B

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

8. Name any five guiding principles by which location of assets be evidenced.
9. Explain the meaning of "Debt owed" under the Wealth Tax Act.
10. How will you value jewellery under the Wealth Tax Act ?
11. For the assessment year 2003-04, Mr. X submits the following particulars of his assets and liabilities. Determine his wealth tax liability on the assumption that X is resident /non-resident in India :—

Jewellery in India—Rs. 64,00,000.

Residential house outside India—Rs. 31,70,000.

Capital borrowed for purchasing house outside India—Rs. 28,000.

Capital borrowed for acquiring jewellery in India—Rs. 43,000.

12. The building is situated on a freehold plot of 18,000 sq. ft. The floor space index permissible is 2. The built up floor area is 32,000 sq. ft. The net maintainable rent is Rs. 50,000 p.a. Find out the value of the building.

13. The net wealth (before provision of wealth tax) of Mr. R. is Rs. 14,00,000. Compute the Wealth tax payable.
14. A Hindu undivided family consists of Mr. A, his widowed mother, his wife, his son, and a minor daughter. He converts his self-acquired property worth Rs. 90,000 into joint family property. Compute the value of deemed gift.
15. What are the points worthnoting in relation to the valuation by the Gift Tax Officer ?
(6 × 5 = 30 marks)

Section C

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

16. Briefly explain the procedure for assessment under Wealth Tax Act 1957.
17. By whom is the gift-tax payable ? What happens when the donor is not traceable ?
18. Mr. R, a citizen of India and resident in India discloses the following information for computing his wealth tax liability on 31st March 2003 :—
 - (a) Immovable property in Paris—Rs. 3,00,000.
 - (b) Cash in hand—Rs. 50,000.
 - (c) Coparcenery interest in HUF—Rs. 1,50,000.
 - (d) Shares in Indian Companies held for more than 6 months prior to valuation date—Rs. 4,50,000.
 - (e) Residential house—Rs. 1,80,000.
 - (f) National Savings Certificates purchased on 15th June 2002—Rs. 85,000.
 - (g) Loan taken on Paris property—Rs. 1,00,000.
 - (h) Outstanding electric and grocers' bills—Rs. 20,000.
 - (i) Income-tax liability as per notice of demand served on 31st December 2001—Rs. 30,000.

Compute his net wealth.
19. Mr. R has the following assets and liabilities on the valuation date :—
 - (a) Residential house—Rs. 40 lakhs.
 - (b) A farm house 15 km. away from the local limits—Rs. 10 lakhs (from Kolkata).
 - (c) Cars for personal use—Rs. 6 lakhs.
 - (d) Jewellery—Rs. 14 lakhs.
 - (e) Aircraft for personal use—Rs. 150 lakhs.
 - (f) Urban land (construction not permitted under the law)—Rs. 10 lakhs.
 - (g) Cash in hand—Rs. 1½ lakhs.
 - (h) Shops given on rent—Rs. 20 lakhs.
 - (i) Gold deposit bonds—Rs. 10 lakhs.
 - (j) Loan taken to purchase the air craft Rs. 50 lakhs.

Compute Mr. R's Net Wealth.

(2 × 15 = 30 marks)