

### **Problems - INCOME FROM OTHER SOURCES :**

1. X (42 years) gives the following information for the p.y. 2015-16 :
  - a. On 1.12.15, he gets gift of House A from his friend B without any consideration (Stamp value is determined at Rs.6 lacs)
  - b. On 3.12.15, he gets gift of House B from C (who is father-in-law of his elder brother) Stamp duty value is Rs.40,000. However, current market value is Rs.65,000
  - c. On 7.12.2015, X purchases a second hand car for Rs.70,000 from D (market value is however Rs.3 lacs)
  - d. On 14.12.2015, X purchases a work of art for Rs.5 lacs from E (FMV is 5,30,000)
  - e. On 20.12.2015, X purchases jewellery for Rs.7,00,000 from F (FMV is Rs.7,25,000). F is not a registered dealer
  - f. On 21.12.2015, X purchases a painting for Rs.4,00,000 from G (who is brother of Mrs. X) (FMV is Rs.7,00,000)
  - g. On 24.12.2015, X purchases a commercial property for Rs.72,00,000 from H (FMV is Rs.90 lacs)
  - h. On 25.12.2015, X gets a gift of 100 preference shares in A Ltd from J (On 25.12.2015 stock exchanges are closed, the lowest quotation on the immediate preceding working day in National Stock Exchange is Rs.45)
  - i. On 25.1.2016 X gets a gift cheque for Rs.1,00,000 from his friend L on his birthday
  - j. On 28.1.2016, minor son of X gets gift of Rs.55,000 from elder brother of X's grandfather
  - k. X contributes Rs.10,000 in the PPF account of his dependent mother.Determine the amount of net income of Mr. X for the A.Y. 2016-17.
2. Bangarappa is in the business of software development.  
His business income for the p.y. 2015-16 is Rs.7,20,000;  
He owns a car, a residential house and a cinema house. These properties are given on rent. Residential house and car are let out to A Limited on monthly rent of Rs.60,000 (out of which Rs.5,000 per month is rent of car). Letting of car and house are not interconnected. Municipal tax paid by him Rs.18,000. Besides, he wants to claim depreciation on house Rs.70,000 and on car Rs.8,000 (calculated as per Sec.32);  
Cinema house along with projector and furniture is given at a yearly rent of Rs.21 lacs to B Ltd. Municipal tax Rs.26,000 depreciation of building Rs.76,000 depreciation on projector Rs.28,000; Salary paid by an account payee cheque to caretaker Rs.30,000 (one month salary of Rs.25,000 is paid by cash).  
He contributes Rs.30,000 to PPF and pays Rs.10,000 as insurance premium on the life of his son (sum assured Rs.80,000).  
Determine his net income for the A.Y. 2016-17.
3. Abraham is a businessman. For the p.y. 2015-16, his business income is Rs.18 lacs. During the year 2006-07, a plot of land owned by him was compulsorily acquired by the Orissa Govt. Initial compensation of Rs. 16 lacs was received by him in 2007-08. On appeal from Abraham, the Orissa High Court has increased the compensation from 16 to 20 lacs. On 1<sup>st</sup> July 2015, he received the additional compensation of Rs.4 lacs along with interest of Rs.70,000. For this purpose, he paid legal fees of Rs.40,000/- for compensation and Rs.5,000 for interest.  
On 1<sup>st</sup> March 2015, he purchases a Raja Ravi Verma painting for Rs.1,00,000 from a friend (FMV Rs.30,000).  
Abraham annually deposited Rs.30,000 to PPF.  
Find out the net income and tax liability for the A.Y. 2016-17.

4. Sushma received the following gifts during the p.y. 2015-16:
- Gift from a friend on 20.08.15 - Rs.1,00,000 ;
  - Gift from another friend on 10.9.15 – Rs.60,000;
  - Gift from brother on 30.12.15 – Rs.90,000;
  - Gift from grandfather received by Will on 1.10.15 – Rs.1,40,000;
  - Gift from friends at the time of marriage of Sushma – Rs.15,00,000.;
  - Gift from friend on 20.9.15 – Rs. 20,000;
  - She won prize of Rs. 70,000 (net) (Tax deducted Rs.30,000) from lottery;
  - She also won in card games Rs.13,500 (No TDS)
  - Interest on securities issued by Govt of China Rs. 30,670
  - Her business income Rs.5,64,000
  - Post Office Savings Bank interest Rs. 4,300
- Compute her taxable income for the A.Y. 2016-17.
5. Eswar Pandey, gives the following particulars of his income for the p.y. 2015-16
- Rent of a house situated at Delhi - Rs.30,000.;
  - Rent from letting a building in Gurgaon along with plant & machinery (not separable) – Rs.60,000;
  - Depreciation of building in Gurgaon Rs.3,000, Delhi Rs.2,000,
  - Repairs and insurance of plant & machinery Rs. 6,000
  - Dividend on preference shares from an Indian Company Rs.9,000
  - Loan from another Indian Company in which he holds 22% of shares –2,00,000(Accumulated profit of the company is Rs. 15 lacs)
  - Royalty income – Rs.7,000
  - Winning from camel race – Rs.13,000 (No TDS)
  - Gift received on 20.6.15 from school friend – Rs.1,80,000
  - Gift from another friend from abroad – Rs.20,000
- Determine the income chargeable under the head income from other sources.
6. Santosh receives the following gifts during the p.y.2015-16
- Cash gift of Rs.51,000 from a friend on marriage anniversary on 1.9.2015
  - Purchased a house property from a friend on 30.9.2015 for Rs.10,00,000 (Stamp duty value Rs.40,00,000)
  - Purchased a house property from Mrs. Santhosh on 1.12.2015 for Rs.15,00,000 (Stamp duty value Rs. 80,00,000)
  - Purchased painting from an art gallery (registered dealer under Maharashtra (VAT) for a concessional price of Rs.80,000 on 29.12.15 (Invoice value Rs.80,000 and market value RS.2,00,000)
  - Received cash gift of Rs.40,000 from a colleague on 10.3.2015
  - Received cash gift of Rs.30,000 from a non-resident friend on 31.3.2015
  - Purchased a second hand car on 31.3.2015 for Rs.2,00,000 (FMV – Rs.3,50,000)

**KEY :****Problem 1 :**

Taxable gift received by Mr. X shall be as under :

I.	Immovable property without consideration:		
(i)	Gift of house A from friend	6,00,000	
(ii)	Gift of house B - Stamp duty being Less than Rs.50,000 not taxable	-----	
			6,00,000
II.	Immovable property for inadequate consideration:		
	Purchase of commercial property (90,00,000 – 72,00,000)		18,00,000
III.	Movable property without consideration		
	Gift of preference share Rs.4,500 less than taxable limit of Rs.50,000		-----
IV	Movable property for inadequate consideration		
(i)	Purchase of car (not a specified property)	---	
(ii)	Purchase of work of art (5,30,000 – 5,00,000)	30,000	
(iii)	Purchase of jewellery (7,25,000 – 7,00,000)	25,000	
(iv)	Purchase of painting is from relative	----	
		-----	55,000
V.	Gift of sum of money:		
(i)	Gift from friend	1,00,000	
(ii)	Gift for minor son (55,000 less exempt 1,500)	53,500	
		-----	1,53,500
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			26,08,500
	Less: 80C – Contribution to PPF account of mother not eligible	---	
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	Net income		26,08,500
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**Problem 2 :**

Total income of Mr. Bangarappa for the A.Y. 2016-17 is as under :

	<u>Income from Business</u> (software development)		7,20,000
	<u>Income from House property</u> (55,000 x 12)	6,60,000	
	Less: Municipal taxes paid	18,000	
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		6,42,000	
	Less: Standard deduction u/s.24(1)	1,92,600	
	(Deprn of Rs.70,000 not allowable under H.P)	-----	
			4,49,400
	<u>Income from other sources</u>		
1.	Rental income from hiring car(5000 x 12)	60,000	
	Less: Depreciation on car	8,000	
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		52,000	
2.	Rent hiring cinema house	21,00,000	
	Less: Municipal taxes	26,000	
	Depn (76000 + 28000)	1,04,000	
	Salary	2,75,000	
	(Disallowance u/s.40A(3)25000)	-----	
		16,95,000	
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			17,47,000
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			29,16,400
	Less: Deduction u/s.80C		
1.	PPF	30,000	
2.	LIC on the life of son	10,000	
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			40,000
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Net income	28,76,000
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**Problem 3 :**

Total income of Mr. Abraham for the A.Y. 2016-17 is as under :

Business Income		18,00,000
Capital gains :		
Additional compensation received	4,00,000	
Less : Expenses	70,000	
	-----	3,30,000
Income from other sources :		
1. Interest on compensation	70,000	
Less : 50% dedn u/s.57	35,000	
	-----	35,000
2. Purchase of Ravivarma Paintaing For inadequate consideration	2,00,000	
	-----	2,35,000
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		23,65,000
Less : 80 C deduction		30,000
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Total income		23,35,000
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