

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

**ASSIGNMENT  
2019-20**

**Elective Course in Commerce  
ECO – 11: Elements of Income Tax**

**For July 2019 and January 2020 admission cycle**



**School of Management Studies  
Indira Gandhi National Open University  
Maidan Garhi, New Delhi -110068**

**Elective Course in Commerce**  
**ECO – 11: Elements of Income Tax**

**ASSIGNMENT- 2019-20**

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 2019 and January 2020**). The validity is given below:

1. Those who are enrolled in **July 2019**, it is valid up to **June 2020**.
2. Those who are enrolled in **January 2020**, it is valid up to **December 2020**.

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	:	Element of Income Tax
Assignment Code	:	ECO - 11/TMA/2019-20
Coverage	:	All Blocks

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**Maximum Marks: 100**

### Attempt all the questions

1. Define agricultural income and give examples. Distinguish between agricultural income and partly agricultural income with examples. (20)

2. Smt. Renu is an employee of the Ambuja Company, Kolkata since 1<sup>st</sup> April, 1998. She has been fixed in the grade of Rs. 72,000-3,800-1,10,000 since January 2018. She gets 30% of basic pay as dearness allowance (Which is considered as pay for retirement benefits), Rs. 4,000/- p.m. as entertainment allowance and Rs. 4,500/- p.m. as travelling allowance. She has also received Rs. 800/- p.m. per son as education allowance and Rs. 1,400/- p.m. per son as hostel allowance to meet the cost of education of her three sons. She has been continuously getting entertainment allowance from the date of joining service. She has been provided by the company a rent-free unfurnished accommodation, the fair rent of which is Rs. 1,00,000/- p.a. The company has provided her to reimburse own medical expenses and during the financial year 2018-19 the company paid her in this connection Rs. 44,900/-. The expenses were incurred on treatment by a private doctor.

She and her employer each contributed @ 10.5% in the Recognized Provident Fund. She paid during the financial year 2018-19 for travel in respect of official work Rs. 28,000/- as bus fare to the Roadways Corporation. Determine her taxable income under the head 'Salaries' for the assessment year 2019-20. (20)

3. What do you understand by Total Income? Is it different from G.T. I.? Explain with examples. (20)

4. Mr. Tata is the Executive Director of an MNC having its head office at Chennai. For the assessment year 2019-20 he submitted the following return :

	Rs.	
(i) Salary @ Rs. 32,000 p.m.	3,84,000/-	
(ii) Conveyance Allowance (spent for performance of duty)	48,000/-	
(iii) Education Allowance for two children @ Rs. 1,200 p.m.	14,400/-	
(iv) Cost of Electricity Bills paid by the Company	<u>38,000/-</u>	
	Rs. 4,84,400/-	
Less : (a) Entertainment Expenditure incurred on the Customers	26,000/-	
(b) Donation to Gandhi National Memorial Fund	8,000/-	<u>34,000/-</u>
		Rs. <u>4,50,400/-</u>

The following particulars are available on record :

- (i) Mr. Tata paid Rs. 8,000 premium on his friend's life policy in the previous year.
- (ii) Paid Rs. 45,000 of tuition fees for his son in the previous year on the full time education.
- (iii) Mr. Tata has kept in his occupation free of rent half portion of company's premises at Chennai. Annual rent of the building is Rs. 2,00,000.
- (iv) He has contributed Rs. 45,000 to a Recognised Provident Fund and has paid premium amounting to Rs. 1,80,000 on a life policy of Rs. 8,00,000 taken on 28<sup>th</sup> January, 2011.
- (v) He took an advance salary of Rs. 1,00,000 in March, 2019.

- (vi) He spend Rs. 30,000 on medical treatment of his brother, who is disabled and dependent on him for support and maintenance.

Computer his taxable income for the assessment year 2019-20. **(20)**

5. Write short notes on the following :

- (i) Perquisites
- (ii) Capital Gains
- (iii) Incidence of Tax
- (iv) Return of Income

**(4X5)**