

Unit-3. Income from other sources:

Examination questions (theory) from Semester scheme. (2 & 5 marks).

May/June- 2007.

1. How do you gross up the value in the following cases.
 - i. Net interest received on bank deposits.
 - ii. Net amount received on winning from lottery.
2. What is a 'Bond Washing Transaction'? **June-2009, June-2010, May-2015**

June-2008.

3. Mention any two losses, which cannot be set-off against income under other heads.
4. What is a Less Tax Security? **May-2015, May-2017, May-2018**
5. What is an Ex-interest transaction?

June-2009.

6. If the net winning from a race is Rs.2,10,000, find the gross amount. **(May-2019) (Rs.1,50,000) May-2017**
7. Explain the treatment of family pension received by an assessee.

June -2010.

8. What is / Give the meaning of casual income? **May-2014, May-2015, May-2017**
9. What are tax-free commercial debentures? **May-2011, 2012**

May -2011.

10. Write a note on tax liability of dividend income.

May-2012

11. What is dividend under IT Act?
12. List out any ten incomes chargeable under the head other sources **(5)**

May-2013.

13. What is cash system of accounting? **May -2016**
14. What are tax-free Govt. securities?
15. How do you treat daily allowance given to a Member of Parliament?

May/June-2014.

16. State any four incomes which are taxable under the head "income from other sources". **May-2015**

April/May-2015.

17. Expand (1) TDS (2) DTC

May – 2016.

18. What is grossing up and why it should be done?
19. What are listed and unlisted securities?
20. How do you treat family pension received by the family members of a deceased person?

May – 2016.

21. What is Government security?

Unit – 3. Income from Other Sources:

Examination Problems:-

May/June-2007 (5 marks)

Problem-1. Mr. Bharath furnishes the following particulars of his income for the previous year 2018-19. You are required to compute his income from other sources for the Assessment Year 2019-20.

- a) Interest on listed securities (Net) Rs.4,500.
- b) Dividends from a foreign Co. Rs.8,000.
- c) Winning from Horse Race (Net) Rs.14,000.
- d) Interest on debentures of a local authority Rs.3,600.
- e) Interest on post office savings bank account Rs.750.

May/June-2007 (15 marks) May - 2011

Problem-2. Mr. A a resident of India has furnished the following incomes for the previous year 2018-19. Compute his income from other sources for the Assessment Year 2019-20.

- a) Winnings from crossword puzzles (Net) Rs.7,000.
- b) Royalty from text book written by him (Gross) Rs.45,000. (Admissible deductions Rs.12,500)
- c) 8% interest on Rs.40,000 Municipal Debentures.
- d) 10% Interest on Rs.80,000 Karnataka State Govt. Loan.
- e) He has invested Rs.30,000 in 7% Capital Investment Bonds of GOI and received interest for the year.
- f) Rs.2,000 as interest on bank deposits.
- g) Dividends from a domestic Co. Rs.8,000.
- h) Income from undisclosed sources Rs.10,000.

June-2008 (5 marks)

Problem-3. From the following receipts and payments of Mr. Devesh, compute his taxable income under the head income from other sources:

Winnings from Madhya Pradesh State Lottery (net) Rs.25,200, Winnings from horse race Rs.1,000, Winnings from Rajasthan State Lottery Rs.3,000, Winnings from horse race Rs.45,000, Winnings from cross word puzzle Rs.2,500, Gift received from a friend in London Rs.1,00,000, Winnings from card games Rs.2,500, Purchase of lottery tickets Rs.3,000 and payments for betting's in horse race Rs.6,000.

June- 2008 (15 marks)

Problem-4. From the following particulars of Sri. Nagaraj, an ordinary resident of India, compute the taxable income under the head Income from Other Sources.

- a) Dividend on equity shares received from an Indian company Rs.11,000.
- b) Directors sitting fees received from 'Q' Ltd. Rs.2,500.
- c) Income from letting on hire of building and machinery under lease Rs.60,000. The allowable depreciation is Rs.8,500, repairs Rs.4,500 and fire insurance premium is Rs.500.

- d) Dividend from a foreign company received in New York Rs.12,000.
- e) Interest on Rs.27,000, 10% tax-free debentures (listed) of M/s Mulani and Mulani Ltd.
- f) Interest on Rs.12,000, 7% Capital Investment Bonds of Govt. of India.
- g) Rs.3,000 interest received from 7% National Plan Certificates.
- h) He has taken a house on rent for Rs.10,000 p.m., and has let out 40% portion of the house to a tenant for Rs.5,000 p.m. He has paid municipal taxes of the whole property Rs.2,000 and repairs of the property Rs.5,000 under the agreement.
- i) He is an author of a text book, which fetched him a gross royalty of Rs.75,000. He claims Rs.25,000 salary to the assistant and Rs.20,000 other incidental expenses.
- j) Income from agricultural land situated in Indonesia received there Rs.60,000.
- k) Honorarium received for writing articles in Indian Express Rs.4,000.
- l) Received Rs.35,000 from recognized lottery winnings.

June-2009 (5 marks) May - 2011

Problem-5. Compute Income from other sources of Mrs. X for the Assessment Year 2019-20.

- a) Family pension received Rs.3,000 p.m.
- b) Winning from lottery Rs.70,000 (Net)
- c) Interest on Fixed Deposit Rs.15,000 (Gross)
- d) Purchase of lottery tickets Rs.500.

June-2009 (15 marks)

Problem-6. Compute the Income from other sources of Mr. Nagaraja, a professor and a resident of India for Assessment Year 2019-20.

- a) Salary from college Rs.25,000 p.m.
- b) Royalty from book written on Income Tax- Rs.2,00,000. He claims deduction towards salary to clerk Rs.12,000 and Telephone expenses Rs.3,000 paid in this connection.
- c) Income from Articles published in magazines and journals Rs.40,000.
- d) He lives in a rented house paying rent of Rs.3,000 p.m. He sublet 1/3 portion of this house at Rs.1,500 p.m. He paid Rs.6,000 of municipal tax on the whole house and paid Rs.3,000 towards repairs of the whole house as per the agreement.
- e) He is examiner in several universities, from this source he received Rs.12,600 during the year.
- f) He delivered lectures at an Institute and received Rs.600 per lecture for 20 lectures delivered during the year.
- g) His other incomes were: Winning from Card games Rs.6,000, Winning from Chess games Rs.1,000 & Interest on foreign Bonds Rs.15,000.
- h) Income from Agricultural land situated in Srilanka Rs.70,000.
- i) Rs.8,000 p.m. as scholarship for research work from the U.G.C.

June – 2010 (5 marks)

Problem -7. Mr. X furnishes the following particulars of his income for the previous year 2018-19. You are required to compute his income from other sources for the Assessment Year 2019-20.

- a) Interest on listed securities (Net) Rs.9,000.
- b) Dividend from foreign Co. gross Rs.16,000.
- c) Winning from Horse Race Net Rs.17,500.
- d) Interest on debentures of a local authority gross Rs.7,200.
- e) Interest on post office savings bank Rs.1,500.

June – 2010 (15 marks)

Problem – 8. Mrs. Narayan submit the following particulars of her income from other sources for the year ended 31-03-2019.

- 1) Family pension from Govt. of Karnataka yearly Rs.42,000.
- 2) Royalty from books written Rs.20,000 (Expenses incurred for this purpose Rs.2,500)
- 3) Remuneration from articles published in a Magazine Rs.2,000.
- 4) Cash worth Rs.1,00,000 was found in her private locker. The source of which could not be explained by her.
- 5) Interest on Fixed deposit in a Bank Rs.15,000 (Gross).
- 6) Rent from subletting a house Rs.1,500 p.m. (Rent paid to the owner Rs.1,000 p.m. and repair expenses Rs.200).
- 7) Winning from Lottery Net Rs.70,000 (Purchase of lottery Rs.100).
- 8) Winning from horse race Rs.35,000 (Net).

Compute her taxable income from other sources for the A. Year 2019-20.

May – 2011 (5 marks)

Problem–9. Mr. Akshara has the following incomes during the year ending 31-03-19.

- I. Dividend declared by Tata Co. Rs.12,000.
- II. Interim dividend received Rs.5,000.
- III. He won Gold worth Rs.2,50,000 from Rajasthan State Lottery.
- IV. Interest received on Govt. securities held as investment Rs.20,000.
- V. He earned Rs.2,00,000 as prize money on horse races. These horses are owned by him and expenditure incurred on maintenance of these horses amounted to Rs.2,10,000.

Compute her income from other sources for the Assessment Year 2019-20.

May – 2011 (15 marks)

Problem – 10. Surya submits the following details of his income for the year ending 31st March 2019.

- i) He lives in a rented house. He pays a rent of Rs.6,000 p.m. He has sub-let one-third portion of the house on a rent of Rs.3,000 p.m. He has undertaken the liability of paying municipal taxes of Rs.1,500 on the whole house and also repairs of the whole house amounting to Rs.6,000.
- ii) Income from agricultural land in Bangladesh Rs.20,000.

- iii) Dividend from UTI Rs.4,000.
 - iv) He holds the following investments:
 - a) Rs.1,00,000, 9% tax-free commercial securities (not listed).
 - b) Rs.30,000, 7% Debentures of JCT Mills Ltd.
 - c) Rs.72,000, 10% tax-free debentures of LIC of India.
 - d) 10% UP State Electricity Board bonds Rs.10,000.
 - v) Interest on postal savings bank account Rs.8,000.
 - vi) Honorarium received for writing articles in Magazines Rs.1,000.
 - vii) He is an examiner of a No. of universities. He received Rs.10,000 remuneration.
- Compute his income from other sources for the Assessment Year 2019-20.

May – 2012 (15 marks)

Problem -11. Compute Income from other sources of Dr. Gokak who held the following investments in the previous year 2018-19.

- a) Rs.1,10,000, 10% Central Government Securities.
- b) Rs.4,00,000, 10% Commercial Securities.
- c) Rs.8,000 (Gross) received as interest on Public Ltd. Co., securities.
- d) Rs.7,200 received as interest on Karnataka Govt. Securities.
- e) Rs.3,600 received as interest on XYZ Ltd., (listed).
- f) Rs.3,00,000, 13.5% Securities of X Co. Ltd.,(unlisted).
- g) Rs.3,50,000, 11% Securities of a Paper Mill Co., (listed).
- h) Interest on Post Office Savings Bank a/c Rs.6,500.
- i) Dividend received from Carona Ltd., (Gross) Rs.32,000.

For purchasing securities of X Co., Ltd., he took a loan of Rs.2,50,000 at 12% per annum. This loan was taken from his friend in UK. The interest has been paid in UK but no TDS is made. Bank charged Rs.2,000 as collection charges.

During the year he also got a prize in Karnataka State Lottery. The net amount received by him was Rs.2,80,000. Interest on all securities is payable on 1st July and 1st January, every year.

May – 2013 (5 marks)

Problem – 12. Srirangam (age 49 years), a Resident of Bangalore has earned the following incomes for the year ending 31-03-2019:

1. Rent from plot of agricultural land in Sri Lanka Rs.60,000.
2. Srirangam, being a Management Expert gave managerial advise to six entrepreneurs who paid him Rs.7,50,000.
3. He owns a quarry in Bellary, which he has let-out on a Royalty of Rs.60 per ton of stone raised. During the previous year 9,000 tons of stones were raised. He spent Rs.900 for collecting Royalty.
4. Dividend received from Sir M.V. Co-operative Society Rs.1,600.

Compute taxable income from other sources for the Assessment Year 2019-20.

May – 2013 (15 marks)

Problem – 13. Mr. Pushkaran (age 46 years) a Resident of Bangalore provides the following information for the year ending 31-03-2019.

- i) He holds the following investments :
 - I. Rs.2,00,000, 9% tax-free commercial securities.
 - II. Rs.1,00,000, 8% listed debentures of SRM Ltd.
 - III. Rs.81,000, 10% tax-free debentures of NRM Ltd.
 - IV. Rs.40,000, 10% BESCO Bonds.
- ii) He lives in a rented house for which he pays Rs.12,000 p.m. He has sub-let 1/3 portion of the house on a monthly rent of Rs.6,000. He incurred Rs.7,200 for Repairs and Rs.6,000 for Municipal tax of this house.
- iii) Received Dividend on TCS Ltd. (Gross) Rs.30,000.
- iv) Received interest on Post Office Savings Banks Rs.12,000.
- v) Received Dividend from UTI Rs.8,000.
- vi) Income from letting out plot of land in Mysore for Rs.36,000.
- vii) Winnings from Karnataka State Lottery (Net) Rs.70,000.
- viii) Income from letting out plant and machinery under lease Rs.1,20,000, the allowable depreciation is Rs.12,000, Repairs Rs.7,000 and Fire Insurance Premium Rs.1,000. Compute taxable income from other sources for the A.Y 19-20.

May/June – 2014 (8 Marks)

Problem – 14. From the following information compute income from other sources of Smt. Kavya for the Assessment Year 2019-20.

Sl. No.	Particulars	Rs.
a)	Winning from lottery (net)	1,40,000
b)	Interest on fixed deposits	14,500
c)	Interest on securities of X Ltd. (net)	27,000
d)	Interim dividend from T.T.Co. Ltd.	10,000
e)	Income from agricultural land in Sri Lanka	15,000
f)	Winning from Horse Race (net)	70,000
g)	Received from royalty	50,000

May/June – 2014 (15 Marks)

Problem – 15. Mr. Raghu submits the following particulars of income from other sources for the year ended 31-03-2019:

- i) Family pensions from Govt. of Karnataka Rs.1,20,000
- ii) Interest on Post office SB a/c. Rs.3,000
- iii) Interest on 90,000, 10% debentures (listed) of T.M. Ltd. Co.
- iv) Winning from lottery (net) Rs.2,80,000
- v) He lives in a rented house paying a rent of Rs.6,000 p.m. He has sub-let ½ of the portion for a rent of Rs.4,500 p.m. of this house.
- vi) Dividend from Tata Co. Ltd. Rs.9,100 (net) and paid Rs.250 for collecting dividend.

- vii) Royalty from books written Rs.58,000 and he incurred Rs.1,800 towards stationery and others.
- viii) Interest on loan given to friends Rs.9,000.
- ix) Remunerations from article published in a journal Rs.2,800.
- x) Cash worth Rs.10,00,000 was found in a bank locker and sources of which are not known.
- xi) Interest on fixed deposits in a bank Rs.22,000 (gross).

April/May – 2015 (8 Marks)

Problem – 16. Mr. Prashanth is a member of Legislative Assembly. He has given the following particulars of his income for the Financial Year 2018-19.

- a) Salary from Govt. of Karnataka Rs.55,000 per month.
- b) Daily allowance for attending sessions Rs.70,000.
- c) Interest on FD with Central Bank of India (gross) Rs.77,000.
- d) Rent from house property in Bangalore Rs.20,000 per month.
- e) Dividend from Maruthi Suzuki Ltd. Rs.6,000.
- f) Income from letting on hire Plant and Machinery Rs.24,000 per month.
- g) Dividend from Sirsi Co-operative Society Rs.4,800.

Compute income from other sources.

April/May – 2015 (16 Marks)

Problem – 17. Mr. Rama Narayana submits the following particulars of his income from other sources for the year ended 31st March 2019.

- 1) Royalty from books written Rs.40,000 (expenses incurred for this purpose Rs.4,000)
- 2) Interest on fixed deposits in a Bank Rs.30,000 (gross).
- 3) Family pension from Govt. of Karnataka annually Rs.48,000.
- 4) Winning from horse race Rs.70,000 (net).
- 5) Rent from subletting of house Rs.3,000 per month (Rent paid to owner Rs.2,000 and repair expenses Rs.400).
- 6) Cash worth Rs.90,000 was found in his private locker. The source of which could not be explained by him.
- 7) Winning from lottery net Rs.1,40,000 (purchase of lottery Rs.150)
- 8) Remuneration from articles published in a magazine Rs.4,000.

Compute his taxable income from other sources for the Assessment Year 2019-20.

May – 2016 (8 Marks)

Problem – 18. Calculate the aggregate gifts received by Mr. Govind during the previous year ended 31-3-2019.

- a) Gift received from mother in the form of jewellery Rs.2,00,000.
- b) Gift from elder brother in cash Rs.60,000.
- c) Gift of cash from uncle Rs.60,000.

- d) Gift from colleagues on the occasion of his marriage in cash Rs.35,000.
- e) Gift of a portable colour TV received from his cousin worth Rs.8,000.
- f) Gift of Rs.45,000 in cheque from non-resident friend.
- g) Gift of site from non-relative by will Rs.12,00,000.

May – 2016 (16 Marks)

Problem – 19. Information about assessee –

- a) Composite rent of building along with machinery Rs.2,50,000.
The following are the expenses on machinery: Depreciation Rs.8,000, Repairs Rs.4,000.
- b) He earned a Royalty of Rs.40,000 from stone quarry and the expenses to earn this income Rs.3,000.
- c) Salary as M.P. Rs.35,000.
- d) Income from bank fixed deposits Rs.45,000.
- e) He earned a dividend from foreign companies grossing Rs.65,000 of which Rs.15,000 was deducted as TDS in that country and the balance was received in India.
- f) Winnings from Horse Race Rs.2,10,000 (Net).
- g) Remuneration as examiner from a University Rs.48,000 and incidental expenses Rs.6,000 of which 50% expenses were reimbursed by University.
- h) Unexplained expenditure Rs.10,000.
- i) He has taken a house on rent for Rs.21,000 p.m. He has sub-let 1/3 of the house @ Rs.15,000 p.m. and the expenses relating to the entire house incurred by him: Municipal tax Rs.15,000, Repairs Rs.6,000.

Compute the income from other sources for the Assessment Year 2019-20.

May – 2017 (6 Marks)

Problem – 20. Following Incomes are received by Mrs. Radha, a resident during the previous year 2018-19. Compute taxable income from the head other sources.

- 1) Directors fees Rs.10,000.
- 2) Interest from post office savings bank A/c Rs.500.
- 3) Dividend received from co-operative society Rs.9,000.
- 4) Interest on securities Rs.10,000.
- 5) Royalty from books written Rs.25,000 (Expenses incurred for this purpose Rs.2,500).

May – 2017 (14 Marks)

Problem – 21. Following are the Income details of Mrs. Roshini, a resident. Compute her Income from other sources for Assessment Year 2019-20.

- 1) She gave management consultancy service to entrepreneurs during the year and received Rs.55,000 from clients. She claims she spent Rs.5,000 on related travelling.

- 2) Income from agriculture in Sri Lanka Rs.20,000.
- 3) Divident from UTI Rs.5,000.
- 4) Interest on post-office savings bank Rs.1,000.
- 5) She holds the following investments
 - a) Rs.1,00,000, 9% tax free commercial securities (not listed)
 - b) Rs.30,000, 7% debentures of Canara Mills Ltd.
 - c) Rs.72,000, 10% tax free debentures of LIC of India (listed).
- 6) She lives in a rented house and pays rent of Rs.6,000 p.m. She has sub-let 1/3 portion of the house on a rent of Rs.3,000 p.m. she has taken up the responsibility of paying municipal taxes of Rs.1,500 on the whole house and also repairs of the whole house amounting to Rs.6,000.

May – 2018 (6 Marks)

Problem – 22. Sri Suryaputhra has the following investments for the year ended 31-3-19:

- i) Rs.20,000 units of UTI (income received Rs.4,000)
- ii) Rs.80,000 in post office savings bank account which earns the interest @5% p.a.
- iii) Rs.72,000 10% tax free debentures of Mysore Municipal Corporation.
- iv) 14% Karnataka State Electricity Board Bonds Rs.30,000.
- v) Rs.50,000 fixed deposits with Canara Bank of Mysore at 8% p.a.

Compute the income from other sources of Sri Suryaputhra from the above investment for the assessment year 2019-20.

May – 2018 (14 Marks)

Problem – 23. Mr. Intravert has held the following investments and incomes during the financial year 2018-19.

- i) Rs.2,00,000, 8% State Govt. securities.
- ii) Rs.5,00,000, 10% tax free commercial securities.
- iii) Rs.4,00,000, 12% commercial securities.
- iv) Rs.10,000 (gross) received as interest on Public Ltd. company's securities.
- v) Rs.7,200 interest received on debentures of ABC Ltd. (listed).
- vi) Rs.9,000 interest received on securities of XYZ Ltd. (unlisted).
- vii) Rs.5,000 dividend received from Indian company.
- viii) Rs.4,000 interest received from the units of UTI.
- ix) Rs.2,10,000 (net) lottery income from Kerala State Lottery.

Bank charged Rs.5,000 as collection charges. Compute his income from other sources for the Assessment year 2019-20.