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(Pages : 4)

Name.....

Reg. No.....

SIXTH SEMESTER U.G. DEGREE EXAMINATION, MARCH 2022

(CUCBCSS—UG)

B.Com.

BCM 6B 12—INCOME TAX LAW AND PRACTICE

(2014 to 2016 Admissions)

Time : Three Hours

Maximum : 80 Marks

Part I*Answer all questions.**Each question carries 1 mark.*

I. Choose the most appropriate answer from the following :

- 1 An example of casual income is ———.
 - (a) Dividend.
 - (b) Winning from lottery.
 - (c) Royalty.
 - (d) Bonus.
- 2 Gratuity received by a government employee is ———.
 - (a) Fully taxable.
 - (b) Partly taxable.
 - (c) Fully exempt.
 - (d) 50 % taxable.
- 3 The rent fixed under the Rent Control Act is called ———.
 - (a) Standard rent.
 - (b) Annual rent.
 - (c) Actual rent.
 - (d) Fair rental value.
- 4 Depreciable assets are considered as ——— asset always for the computation of capital gain.
 - (a) Long term.
 - (b) Short term.
 - (c) Both long term and short term.
 - (d) All of these.
- 5 Loss in speculation business which could not be set off in the same assessment year can be carried forward for ——— years.
 - (a) 3.
 - (b) 4.
 - (c) 5.
 - (d) 8.

Turn over

- 6 A person who is bound to pay tax in respect of the income of another one is called _____.
- 7 Pre-construction period interest can be deducted in _____ instalments.
- 8 Agricultural income is taxable when it exceeds _____.
- 9 Long term capital gain is taxable at the rate of _____
- 10 Donations made during the previous year are deductible U/S _____.

(10 × 1 = 10 marks)

Part II

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

- 11 Define previous year ?
- 12 What do you mean by total income ?
- 13 Explain Section 87A.
- 14 What do you mean by annual accretion ?
- 15 What are perquisites ?
- 16 What is cost of acquisition ?
- 17 Briefly explain clubbing of income ?
- 18 What do you mean by intra head set-off ?
- 19 How deduction is allowed u/s 80TTA.
- 20 Define agricultural income ?

(8 × 2 = 16 marks)

Part III

*Answer any six questions.
Each question carries 4 marks.*

- 21 What do you mean by Accelerated assessment ? Explain the situations.
- 22 What is aggregation of income ? Explain the contexts of aggregation of incomes.
- 23 Mr. A was born in India in 1987. From 2007 to 2017 he was in Canada. From 01/04/2017 to 31/03/2018 he was in India. From 01/04/2018 to 31/03/2020 he was in Australia. On 01/04/2020 he came to India and is staying in India. What will be his residential status in India, for the previous year 2020-21 ?
- 24 Mr. Amal retired from service on 31.03.2021 after serving 34 years and 9 months. At the time of retirement his basic salary was ₹ 48,500 per month and DA ₹ 20,000 per month (not forming part of pay). He was also getting commission of ₹ 10,000 per month. At the time of retirement he was paid death cum retirement gratuity ₹ 16,00,000. Compute taxable amount of gratuity for the previous year 2020-21, if he is covered under Payment of Gratuity Act 1972.

25 From the following information compute income from house property :

	₹
Municipal valuation	... 1,50,000
Standard rent	... 1,60,000
Fair rental value	... 1,80,000
Actual rent	... 13,000 per month.

Interest on loan taken for repairing the property ₹ 40,000

Municipal taxes @ 5 % paid by the owner.

26 The following information relate to the income of Mr. X during the year 2020-21 :

- 1 Agricultural income from Sikkim ₹ 50,000.
- 2 Amount received from sub-letting half of his rented house ₹ 10,000 (municipal taxes paid for the house ₹ 2,000).
- 3 Dividend from an foreign company engaged in agricultural activities ₹ 11,50,000.
- 4 Dividend from a foreign company ₹ 2,00,000.
- 5 Income from consultancy services ₹ 1,00,000
- 6 Income stone quarry in Kerala ₹1,50,000 (expenses in connections with stone extraction ₹ 1,00,000).
- 7 Agricultural income from USA ₹ 1,00,000.
- 8 Received ₹ 35,000 as lottery winnings.

Compute income from other sources.

27 From the following information compute capital gain for the year 2020-21 :

	<i>House</i>
Date of purchase :	... 02-05-1997
Purchase price	... 3,80,000
Cost of additional construction in 1999	... 20,000
Cost of additional construction in 2013-14	... 3,00,000
FMV on 01-04-2001	... 3,50,000
Sold the property on January 2021	... 15,00,000
Selling expenses	... 25,000

CII 2001-02-100, 2013-14-220, 2020-21-301.

28 The following particulars are submitted by Mr. A regarding his income during the year 2020-21 :

- 1 Salary income ₹ 2,00,000.
- 2 Income from house property ₹ 2,70,000 (gross).
- 3 Long term capital gain ₹ 30,000.
- 4 Interest income ₹ 1,30,000.
- 5 Current year loss from business ₹ 50,000.
- 6 Repayment of house building advance ₹ 60,000.
- 7 Medical insurance premium paid ₹ 27,000.
- 8 Approved donations ₹ 20,000

Compute his total income for the year 2020-21.

(6 × 4 = 24 marks)

Turn over

Part IV

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

- 29 Explain the provision regarding set-off and carry forward of losses while computing the total income
- 30 Mr. Alex joined a company in Delhi, on 01/06/2020. His monthly emoluments included: Basic pay ₹ 25,000, D.A pay ₹ 10,000 and Bonus ₹ 50,000. TA ₹ 1,000 per month and uniform allowance ₹ 600, EA ₹ 1,000 per month (spent the whole amount for the purpose). His perquisites were :
- (1) Furnished accommodation owned by the employer and provided free of cost ; Value of furniture there is ₹ 3,00,000 ;
 - (2) Motor car owned by the company (small, with driver) for official and personal use ;
 - (3) Sweeper's salary paid by the company ₹ 1,500 per month ;
 - (4) Educational facility for 2 children provided free of cost. The school is owned and maintained by the company; annual cost amounted to ₹ 10,000 per child.
 - (5) Interest free housing loan ₹ 5,00,000 repayable within 7 years given on 1.10.2020. No repayment was made during the year. (SBI interest rate 14 %).

Compute the income from salaries for the year 2020-21 assuming that the employer has deducted professional tax ₹ 2,500 and income tax ₹ 1, 20,000 from his salary, during the year 2020-21.

- 31 Mr. A gives the following details of income, compute total income, during the year 2020-21 :
- (a) Business income ₹ 5,00,000.
 - (b) Long term capital gain on transfer of gold ₹ 1,00,000.
 - (c) Short term capital gain on transfer of equity shares ₹ 30,000.
 - (d) Interest on debentures ₹ 27,000.
 - (e) Salary and bonus received ₹ 30,000 per month (20,000 + 10,000).
 - (f) Current year house property loss ₹ 2,50,000.

He made the following donations during the previous year :

1. Zillasaksharathasamithy ₹ 5,000.
2. Africa fund ₹ 8,000.
3. Welfare fund of Indian Army ₹ 10,000.
4. Approved charitable trust ₹ 60,000.
5. Approved university for national eminence ₹ 7,500.
6. Government of India for promotion of family planning ₹ 10,000

During the year he paid for the maintenance of his disabled dependent sister ₹ 20,000 and ₹ 10,000 tuition fee of two children.

(2 × 15 = 30 marks)

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Name.....

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SIXTH SEMESTER B.Com./B.B.A. DEGREE EXAMINATION, MARCH 2020

(CUCBCSS—UG)

B.Com.

BCM 6B 12—INCOME TAX LAW AND PRACTICE

(2014 Admissions)

Time : Three Hours

Maximum : 80 Marks

Part I

Answer all questions.

Each question carries 1 mark.

I. Choose the most appropriate answer from the following :

- 1 Residential status is to be determined for _____.
 - (a) Previous Year.
 - (b) Assessment Year.
 - (c) Accounting Year.
 - (d) Calendar Year.
- 2 Incomes which accrue or arise outside India but are received directly in India are taxable in case of _____.
 - (a) Resident only.
 - (b) Both ordinarily resident and NOR.
 - (c) Non-resident.
 - (d) All of the assessees.
- 3 Salary, commission, etc. due to or received by a working partner from the firm is _____.
 - (a) Taxable under the head salary.
 - (b) Taxable under the head Profits and gains of business or profession.
 - (c) Taxable under the head Income from other sources.
 - (d) Not at all taxable.
- 4 Unabsorbed depreciation which could not be set off in the same Assessment Year can be carried forward for _____.
 - (a) 4 years.
 - (b) 8 years.
 - (c) 10 years.
 - (d) Indefinitely.
- 5 The payment of insurance premium under Section 80D should be made _____.
 - (a) In cash.
 - (b) By any mode other than cash.
 - (c) By cheque only.
 - (d) By cash/cheque.
- 6 When book profit is negative, maximum remuneration to working partners shall be _____.

Turn over

- 7 Indexation is not allowed on long term capital asset being _____.
- 8 Long term capital gains if used to acquire long term specified asset within six months gets exemption under section _____.
- 9 When a member of a Hindu Undivided Family transfers his asset to the common benefit of HUF, it is called _____.
- 10 Non-taxable limit for senior citizens on income earned during the year 2016-17 is _____.

(10 × 1 = 10 marks)

Part II

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

- 11 Who is a person under I.T. Act 1961 ?
- 12 What are casual incomes ? Give any two examples.
- 13 What is Company as per I.T. Act 1961 ?
- 14 State the rules for determining residential status in case of Local authority or artificial Juridical Person ?
- 15 State any four taxable perquisites in case of all employees.
- 16 Explain the taxability of lump-sum received from Recognised Provident Fund at the time of retirement.
- 17 How is the amount of exemption computed in case of Retrenchment Compensation ?
- 18 What are the deductions admissible in computing income from other sources ?
- 19 State the provisions of I.T. Act 1961 regarding depreciation under Straight Line method ?
- 20 How is cost of bonus share determined ?

(8 × 2 = 16 marks)

Part III

*Answer any six questions.
Each question carries 4 marks.*

- 21 State the situations in which income is assessed for tax during the same year.
- 22 Discuss the deductions in computing income from salary.
- 23 What are the incomes deemed to accrue or arise in India ?
- 24 Anil retired from service on 31.3.16 and started getting pension of Rs. 6,000 monthly. On 1.1.17, A commuted one-fourth of pension and received Rs. 90,000. Calculate taxable amount of pension for Assessment Year 2017-18 if the assessee has not received gratuity at the time of retirement.
- 25 Sunil started the construction of house on 1.6.2013 and took a loan of Rs. 3,00,000 @ 15% per annum. He took another loan of Rs. 9,00,000 @ 18% per annum on 1.4.2016. The construction was completed on 30.11.2016 and was self-occupied from 1.12.2016. Compute his income from House Property for the Assessment Year 2017-18.

- 26 Mr. A provides the following data regarding his transaction for the sale of his residential house for assessment year 2017-18. Compute the amount of capital gain to be included in the total income for the Assessment Year 2017-18 :

	Rs.
House purchased in 1981-82	... 2,50,000
Sold in November 2016	... 42,00,000
Purchased another residential house in Sept. 2016	... 6,00,000
Invested in bonds of NHA of India u/s 54EC in Jan. 2017	... 5,00,000

The cost inflation index in 1981-82 was 100 and for 2016-17 it was 1125.

- 27 Sri. Anand has the following instruments for the Previous Year ended 31.3.2017 :

- 10% Rs. 30,000 tax-free Govt. Securities.
- 10% Rs. 40,000 Karnataka Govt. Loan.
- 10% Rs. 36,000 tax-free debentures (listed) of a company.
- 10% Rs. 20,000 debentures (listed) of a tea company.
- Rs. 7,200 received as interest on debentures of a company (not listed).

He paid commission to his bank Rs. 500 for collecting the above amounts.

Find out his taxable 'Income from Interest on Securities' for the Assessment Year 2017-18.

- 28 From the following particulars compute the total income of Mr. X for the Assessment Year 2017-18 :

(a) Income from profession	... 15,00,000
(b) Income of minor son (singing is his profession)	... 50,000
(c) Winning from lottery	
(Ticket purchased in the name of Mr. X's minor daughter)	... 1,00,000
(d) Mr. X's father gifted debentures in an Indian company to	
Mr. X's minor son and company paid gross interest	... 20,000
(e) Mr. X's wife is a government servant and her income from salary	... 6,00,000
(f) Interest on debentures purchased by Mr. X but gifted to Mrs. X	... 40,000

(6 × 4 = 24 marks)

Part IV

Answer any two questions.

Each question carries 15 marks.

- 29 What is Transfer of Capital Asset as per Income Tax Act. State the transactions not treated as transfer.

Turn over

- 30 Dr. Sathish is a Medical Practitioner. He gives you the following summary of his cash book for the year ending 31.3.2017 :

To Balance	10,000	By Rent of clinic	18,000
To Consultation fee	60,000	By Purchase of medicine	38,000
To Visiting fee	45,000	By Staff salaries	24,000
To Gifts and presents	8,000	By Surgical equipments	40,000
To Sale of medicines	42,000	By Motor car expenses	8,000
To Dividend from UTI	6,000	By Purchase of Motor car	1,40,000
To Life insurance maturity	1,00,000	By Household expenses	7,000
To Interest from NSCs	6,000	By Closing balance	2,000
	2,77,000		2,77,000

Other informations :

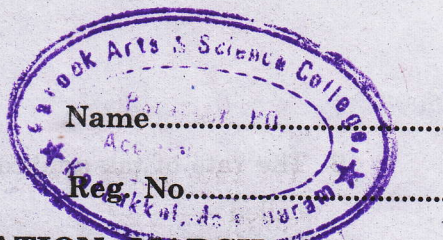
- 50% of the motor car expenses incurred in connection with profession. Car was purchased in December 2016.
 - Household expenses include Rs. 6,800 for life insurance premium.
 - Gifts and presents include Rs. 3,000 from relations.
 - Closing stock of medicine Rs. 12,000 and on 1.4.2016 opening stock was Rs. 4,000. Compute his professional gain for the Assessment Year 2017-18.
- 31 Dr. Verma is a teacher. Following information relate for Assessment Year 2017-18 :
- Basic salary @ Rs. 12,000 p.m.
 - D.A. 45% of salary.
 - Wardenship Allowance @ Rs. 400 p.m.
 - Examinership Allowance Rs. 3,000.
 - Royalty from books for schools (computed) Rs. 22,500.
 - Gross interest on Govt. Securities Rs. 5,000
 - Interest on Tax-free Debentures (gross) Rs. 3,000. Debentures are issued by a public sector company and are notified.
 - Dividend on shares of a foreign company Rs. 2,500.
 - Income from house property Rs. 1,10,000 (computed).
 - Contribution to Statutory P.F. Rs. 5,000.
 - Contribution to P.P.F. Rs. 12,000.
 - Premium paid by cheque on medical insurance policy on health of a dependent father Rs. 3,000.
 - Donations to an approved charitable institution Rs. 10,000.

Compute his total income.

(2 × 15 = 30 marks)

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SIXTH SEMESTER B.Com. DEGREE EXAMINATION, MARCH 2019

(CUCBCSS)

B.Com.

BCM 6B 12—INCOME TAX LAW AND PRACTICE

Time : Three Hours

Maximum : 80 Marks

Part I

Answer all questions.

Each question carries 1 mark.

Choose the most appropriate answer from the following :

- 1 Education cess of 3 % is calculated on _____.
 - (a) Total income.
 - (b) Gross total Income.
 - (c) Income tax.
 - (d) Income tax plus surcharge.
- 2 The Income Tax Act 1961 defines term 'Previous Year' as per _____.
 - (a) Sec. 2 (24).
 - (b) Sec. 2 (30).
 - (c) Sec. 2 (31).
 - (d) Sec. 3.
- 3 An employee in receipt of education allowance for his three children, the maximum annual allowance exempt under Sec.10 (14) is Rs. _____.
 - (a) 1,800.
 - (b) 2,000.
 - (c) 2,400.
 - (d) 3,000.
- 4 The income tax exemption limit in case of firm is Rs. _____.
 - (a) 2,50,000.
 - (b) 3,00,000.
 - (c) 5,00,000.
 - (d) Nil.
- 5 Preliminary expenses incurred in case of a company are allowed deduction in _____.
 - (a) Ten equal instalments.
 - (b) Five equal instalments.
 - (c) Four equal instalments.
 - (d) Fully in a year.

Turn over

- 6 The rate of tax applicable to the highest slab of income of an individual, AOP or BOI is called _____.
- 7 Cost of treatment in private hospital upto Rs. _____ is tax-free perquisite.
- 8 In case of self occupied house the maximum amount of interest deductible is _____.
- 9 The rate of depreciation applicable to intangible assets such as goodwill, patent, copy right, etc. is _____.
- 10 Person with disability can claim deduction from Gross Total Income under Sec. _____.

(10 × 1 = 10 marks)

Part II

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

- 11 What is assessment year ?
- 12 What is total income ?
- 13 Who is an assessee in default ?
- 14 What is income deemed to be received ?
- 15 What is short term capital gain ?
- 16 State the deductions in computing income from house property under Sec. 23 of IT Act 1961.
- 17 State any *two* items of expenditure which are expressly disallowed in computing business income.
- 18 What do you mean by bond washing transactions ?
- 19 State any *four* items which are deductible under Sec. 80 C of Income Tax Act ?
- 20 What is block of assets ?

(8 × 2 = 16 marks)

Part III

*Answer any **six** questions.
Each question carries 4 marks.*

- 21 Explain Profits in lieu of salary.
- 22 State the incomes exempted under the Income from House Property.
- 23 Explain the provisions of Income Tax Act, 1961 regarding Expenditure on scientific research in computing income from business.
- 24 Mr. X a citizen of U.K. came to India for the first time on 1.5.2010. He stayed here without any break for 3 years and left for Bangladesh on 1.5.2013. He returned to India on 1.4.2014 and went back to U.K. on 1.12.2014. He was posted back to India on 20.1.2017. Determine his residential status for the Assessment Year 2017-18.

25 Compute income from house property from the following information :—

	Rs.
Fair rent	... 72,000
Let out	... 7,000 p.m.
Standard rent	... 60,000
Municipal tax paid during the previous year @ 20 % of M.V. :	
for the Previous Year 2015-16	... 10,000
for the Previous Year 2016-17	... 10,000

Other information :

- (a) House remained vacant for two months during the previous year.
- (b) Expenditure incurred on collecting unrealised rent Rs. 5,000.

26 Books of Sunrise Ltd. disclosed the following details :

	Rs.
W.D.V. of Plant and Machinery on 1.4.2016	... 1,00,000
Cost of new machinery purchased for production	
of articles on 1.1.2017 and put to use	... 60,000
W.D.V. of machinery sold on 1.2.2017	... 30,000
Amount received on machinery sold on 1.2,2017	... 40,000

Calculate chargeable depreciation of Plant and Machinery for the Assessment Year 2017-18.

27 Mr. Abhilash has the following investment during the Previous Year 2016-17 :

- (a) Rs. 4,00,000—10 % Tax-free debentures of a company listed on a recognised stock exchange in India.
- (b) Rs. 1,60,000—9 % Tax-free commercial securities.
- (c) Rs. 20,000—9 % Port trust bonds.
- (d) Rs. 30,000—10 % Municipal debentures.
- (e) Rs.1,60,000—12% Debentures of a public limited company (not listed).

For the purpose of purchasing securities mentioned above, he took a loan of Rs.1,00,000 and paid an interest of Rs.10,000 on it.

Find out the income from interest on securities.

Turn over

- 28 Mr. X paid health insurance premium to GIC on his health Rs. 1,00,000 and his spouse Rs. 15,000 during the year 2016-17 :

He also paid health insurance premium of Rs. 35,000 on his father's health who is a senior citizen and not dependent on him. The payments have not been made in cash.

Compute the amount of deduction under Section 80 D from his GTI.

(6 × 4 = 24 marks)

Part IV

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

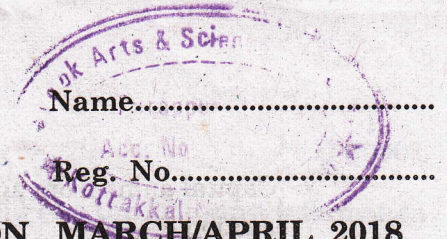
- 29 Explain the scope of total income on the basis of residential status.
- 30 Mr. Thomas is working in a limited company on a salary of Rs. 8,000 per month. The following details are also available :
- The company has provided him with a rent-free house at Delhi. It has also provided him necessary furniture costing Rs.16,000.
 - He is getting Rs. 3,000 p.m. as entertainment allowance. The electricity bills are also paid by the company which averaged Rs. 500 p.m.
 - The company also provided him a gardener paying a salary of Rs. 1,000 p.m.
 - The company has given a large car along with a chauffeur for official and private purposes. However the company meets the running expenses of the car.
 - He was also provided free lunch in office on 300 working days costing Rs. 21,000.
 - He contributes 12 % of his salary to a recognised provident fund and the company also contributes equal share. The amount of interest credited to his Provident Fund Account @ 8.5 % for the previous year was Rs.10,000.
 - He was given a laptop for his personal use, the cost of which was Rs. 40,000.
 - The company contributed Rs. 3,000 for him under the staff group insurance scheme.
 - Professional tax paid by the company on behalf of him Rs. 1,500.

Compute taxable income from salary for the Assessment Year 2017-18.

- 31 Mr. Anil sold a house for Rs. 20 lakh on 1st November 2016. The house was constructed by him in 1980 at a cost of Rs. 1.2 lakh and used for own residence. Besides, he has two more houses. On 1st February 2017 he invested Rs. 2,00,000 to qualified bonds of NHAI. After construction he spent Rs. 14,000 in 1986-87 on improvement of the house. Compute his taxable capital gains. He paid 3 % brokerage for selling the house and other expenses were Rs.10,000. On 1st April 1981 the market value of the house was Rs. 1,40,000.

Cost inflation index for 1981-82 is 100, 1986-87 is 140 and 2016-17 is 1,125.

(2 × 15 = 30 marks)

**SIXTH SEMESTER B.Com. DEGREE EXAMINATION, MARCH/APRIL 2018**

(CUCBCSS—UG)

BCM 6B 12—INCOME TAX LAW AND PRACTICE

Time : Three Hours

Maximum : 80 Marks

Part I*Answer all questions.**Each question carries 1 mark.***I. Choose the most appropriate answer from the following :**

- 1 The aggregate of incomes under various heads after making deductions under Chapter VI A of the Income Tax Act is called _____.
 - (a) Gross total Income.
 - (b) Net Income.
 - (c) Total Income.
 - (d) Net Taxable Income.
- 2 The income Tax Act 1961 defines term person as per _____.
 - (a) Sec. 2 (24).
 - (b) Sec. 2 (30).
 - (c) Sec. 2 (31).
 - (d) Sec. 3.
- 3 Annual accretion is in relation to _____.
 - (a) Statutory Provident Fund.
 - (b) Recognised Provident Fund.
 - (c) Unrecognised Provident Fund.
 - (d) Public Provident Fund.
- 4 Profits in lieu of salary include _____.
 - (a) DCRG.
 - (b) Payment from statutory provident fund.
 - (c) Payment received under Keyman Insurance Policy.
 - (d) All of the above.
- 5 Pre-construction period interest is deductible in _____.
 - (a) Three equal instalments.
 - (b) Five equal instalments.
 - (c) Ten equal instalments.
 - (d) Fully in a year.
- 6 The company whose undertaking is transferred, pursuant to a demerger, to a resulting company is _____.

Turn over

- 7 Capital gains from agricultural land, invested in new agricultural land get exemption under section _____.
- 8 Selling securities cum-interest and buying back the same, ex-interest after the due date of interest, is called _____.
- 9 Interest on own contribution to the unrecognised provident fund is taxable under the head _____.
- 10 Depreciation which could not be claimed due to insufficiency of profits is called _____.

(10 × 1 = 10 marks)

Part II

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

- 11 What is previous year ?
- 12 What is maximum marginal rate ?
- 13 State any two situations of accelerated assessment.
- 14 Who is a specified employee for the purpose of taxation of perquisites ?
- 15 State the provisions of Income Tax Act regarding taxation of entertainment allowance.
- 16 How expected rent is calculated under income from house property ?
- 17 State the rule 4 in respect of deduction of unrealised rent in computing income from house property.
- 18 How is cost of bonus share determined ?
- 19 What are the deductions admissible in computing income from other sources ?
- 20 State the deductions under section 80 DD.

(8 × 2 = 16 marks)

Part III

*Answer any six questions.
Each question carries 4 marks.*

- 21 State any eight items of income exempt from tax.
- 22 Explain the taxation of House Rent Allowance.
- 23 State the expenses which are expressly disallowed in computing profits and gains of business or profession.
- 24 Mr. Ashok, an Indian citizen, is employed in London since 2001. He comes to India every year for two months to spend his holidays. However during the year 2016-17, he came to India on leave-and spent 181 days in Kerala. Determine his residential status for the previous year 2016-17.

- 25 A company took a house on rent and allotted to its employee. From the following information find out the value of perquisite of accommodation :

	Rs.
Rent paid for the year	... 60,000
Salary	... 5,00,000
Cost of furniture provided in the house	... 60,000
Rent charged from employee per month	... 1,000

- 26 From the following information, compute depreciation allowable for the Assessment Year 2017-18 :

	Rs.
W.D.V of furniture on 1-4-2016	... 1,10,000
Furniture purchased in June, 2016	... 15,000
Furniture purchased in January, 2017	... 20,000
Part of furniture sold in February, 2017	... 3,000

Rate of depreciation 10 %.

27. Mr. Ashraf purchased shares in Indian companies as investments on June 10, 2015 for Rs. 1,20,000. On June 1, 2016 he started a business as a dealer in shares and transferred the entire holdings to the business. The market value of the shares as on that date was Rs. 1,60,000. These shares were sold by him for Rs. 2,00,000 on October 20, 2016. Compute gains.
28. From the following particulars of income and losses calculate the gross total income of an individual after set off losses for the current assessment year :

	Rs.
Income from house property A	... 50,000
Loss from house property B	... 80,000
Income from interest on securities	... 2,00,000
Loss from cycle business	... 2,00,000
Profit from speculation business	... 2,00,000
Gain from short term capital asset	... 2,50,000
Long-term capital loss	... 60,000
Long-term capital gains	... 2,10,000

(6 × 4 = 24 marks)

Part IV

Answer any two questions.
Each question carries 15 marks.

- 29 What are tax free perquisites ?

Turn over

- 30 Mr. John is an employee of a company in Mumbai. He gets monthly salary Rs. 20,000, D. A. Rs. 5,000 per month, bonus Rs. 3,000 per month and entertainment allowance Rs. 2,000 per month. He paid tax on employment Rs. 5,000 during the financial year 2016-17. He has been provided a rent free unfurnished house. He owns two houses He claims that both houses are self occupied. The following details are available :

		House I Rs.	House II Rs.
Fair rental value	...	1,50,000	2,00,000
Municipal valuation	...	1,60,000	3,50,000
Standard rent.	...	1,80,000	3,00,000
Municipal taxes paid	...	10 %	10 %
Repairs, insurance and land revenue	...	40,000	60,000
Ground rent	...	10,000	20,000
Interest on capital borrowed	...	40,000	1,70,000
Loan taken on	...	1.1.1999	1.1.2006

Determine total income of Mr. John for the Assessment Year 2017-18.

- 31 Mr. Singh has the following investments in the previous year ended 31st March, 2017 :—

	Rs.
10 % Karnataka State Govt. Loan	... 11,000
13.5 % Debentures of LMT Ltd. (listed)	... 30,000
11 % Securities of Sugar Mill Co. (not listed)	... 35,000
10 % Tax-free commercial securities (listed)	... 32,000
Received as interest on Tamil Nadu Govt. Securities	... 3,580
Received as interest on the securities of a Paper Mill Company (not listed)	... 3,600
Received as interest on the securities of Textile Company (listed)	... 4,500

Interest on all securities is payable on 30th June and 31st December.

He was also a director in a company from which he received Rs. 3,000 as director's fees. His other incomes are :

	Rs.
Winning from lottery	... 25,000
Income from agriculture in Sri. Lanka	... 10,000
Winning from Horse race	... 15,000
Interest on Post Office Savings Bank Account	... 2,000

Find out his taxable 'Income from Other Sources' for the Assessment Year 2017-18.

(2 × 15 = 30 marks)

D 40812

(Pages : 4)

Name
Acc No
Reg. No
Kollakkal, Madhavaram

**SIXTH SEMESTER B.Com. DEGREE (SUPPLEMENTARY) EXAMINATION
MARCH/APRIL 2018**

(CCSS—SDE)

BC 6B 12—INCOME TAX LAW AND PRACTICE

Time : Two Hours and Forty-Five Minutes

Maximum : 27 Weightage

Answer should be written only in English.

Part B

SECTION A

Answer all nine questions in one or two sentences each.

Each question carries a weightage of 1.

1. What is a widely held company ?
2. What is an expected rent ?
3. Who is a deemed assessee ?
4. What do you know about S.P.F ?
5. Who is a Non resident ?
6. What is meant by block of assets ?
7. Write a short note about running allowance ?
8. What do you mean by tax-free securities ?
9. Who is a specified employee ?

(9 × 1 = 9 weightage)

SECTION B

Answer any five questions not exceeding one page each.

Each question carries a Weightage of 2.

10. Write a note on determination of income on presumptive basis.
11. How will you determine partly agricultural income ?
12. Enumerate any eight items of income not chargeable to tax u/s 10.

Turn over

13. Mr. Suman is the owner of a big house whose municipal valuation is 36000 p.a. 1/3 rd portion of the house is let-out to a tenant at 1600 p.m. for residential purpose and remaining 2/3 rd portion is occupied him for his own residence. The construction of the house started in June 2012 and was completed on 1 November 2014. He paid the following expenses :

Municipal taxes	...	3,600
Insurance premium	...	600
Property tax to state government	...	600

He had taken a loan of 50,000 on 1 July 2012 for the construction of this house. The loan has not yet been paid back and interest at 12 p.a. is payable on it. Compute his income from house property for the Assessment Year 2017-18.

14. Dr. Sangeetha is a medical practitioner of Kotta. From the following calculate her income from profession for the Assessment Year 2017-18.

(a) Gross receipt from dispensary	...	2,35,000
(b) Gross receipts from consultation	...	1,65,000
(c) Visiting fees	...	50,000
(d) Gifts from patients	...	30,000
(e) Medicines purchased	...	1,25,000
(f) Closing stock of medicines	...	35,000
(g) Salary paid to employees	...	1,50,000
(h) Surgical equipments purchased	...	48,000

15. Sri. Bilal is employed as an Accountant. He is getting 15,000 p.m. as Basic pay ; 2,500 p.m. as Dearness pay and 2,500 p.m.as Dearness allowance. During the year 2016-17 he received the allowances also :

- (i) 200p.m. per child as educational allowance for his two children.
- (ii) One of his staying in a hostel on which Bilal is spending 800 p.m. He is getting 500 p.m. for his son as hostel allowance for meeting this expenditure.
- (iii) 250 p.m. as CCA.
- (iv) 2500 p.m. as HRA. He pays 3000 p.m. as rent to house owner.

Compute his taxable salary for the assessment year 2017-18.

16. Mr. David donated as under in the previous year 2016-17 by cheques Except donation under (e) :

(a) Prime Minister's National Relief Fund	...	10,000
(b) National Defence Fund	...	20,000
(c) Mangalore University (of national eminence)	...	10,000
(d) Aid to poor students	...	2,000
(e) Books donated to an approved college	...	6,000
(f) Approved Charitable Institution	...	30,000
(g) Municipality approved for promotion of family planning	...	10,000

His gross total income for the Assessment Year 2017-18 was 3,05,000. He has incurred an expenditure of 15,000, on the medical treatment of a disabled dependent. Calculate the deduction allowable to him u/s 80G.

(5 × 2 = 10 weightage)

SECTION C

Answer any two questions.

Each question carries a Weightage of 4.

17. How will you treat the following while calculating Capital Gains ?

- | | |
|------------------------|----------------------------|
| (a) Bonus Shares. | (b) Self generated assets. |
| (c) Agricultural Land. | (b) Depreciable assets. |

Illustrate with examples.

18. Mr. Narasimham has submitted the following particulars for the Assessment Year 2017-18 :

(a) Income from salary	...	95,000
(b) Income from House Property(computed)	...	44,000
(c) Income from Business	...	4,20,000
(d) Long-term Capital Gains	...	20,000
(e) Income from Lottery and Betting	...	69,000
(f) Agriculture Income	...	15,000

You are required to compute his gross tax liability.

Turn over

19. Compute the gross total income of Mr. Rins after setting of the **different losses** against other incomes and state the amount of losses to be carried forward.

1	Winnings from the Karnataka State Lottery (net) received	...	70,000
2	A credit in his pass book the sources of which cannot be Explained	...	60,000
3	Received as interest on tax-free debentures of Asian Paints Ltd. (Not listed on any stock exchange)	...	4,500
4	Received as interest on debentures of Telco Ltd. (Listed on Mumbai stock exchange)	...	7,200
5	Rent received from letting out of a building along with plant, Machinery and furniture fitted therein	...	25,000
	Expense on composite letting allowed :		
	Depreciation	... 6,000	
	Insurance	... 500	
	Repairs	... 2,500	
6	Royalty received in respect of a book for schools	...	19,000
	He claims expenses on stationery and typing	...	4,000
7	Loss from House Property	...	6,000
8	Interest received on sundry advances	...	3,000
9	Business income (from cloth)	...	2,70,000
10	Shares of loss in a firm	...	18,000
11	Loss in speculation	...	3,200
12	Dividends from an Indian Company	...	5,000
13	Capital Gains from short-term capital assets	...	22,500
14	Capital Losses from long-term capital assets	...	21,000

(2 × 4 = 8 weightage)

C 21031

(Pages : 4)

Name.....

Reg. No.....

SIXTH SEMESTER B.Com. DEGREE EXAMINATION, MARCH 2017

(CUCBCSS—UG)

BCM 6B 12—INCOME TAX LAW AND PRACTICE

Time : Three Hours

Maximum : 80 Marks

Part I

Answer all questions.

I. Choose the most appropriate answer from the following :

- 1 A person satisfying none of the basic conditions but satisfying both the additional conditions.
 - (a) Resident and ordinarily resident.
 - (b) Non-resident.
 - (c) Resident but not ordinarily resident.
 - (d) Cannot say.
- 2 In the case of conversion of capital asset into stock-in-trade income is assessed at the :
 - (a) Time of conversion.
 - (b) Time of sale of asset.
 - (c) Time of conversion and sale.
 - (d) Not taxable.
- 3 Interest on — security is always grossed up :
 - (a) Tax free commercial.
 - (b) Less tax commercial.
 - (c) Government.
 - (d) Tax free Government.
- 4 Annual value of a self occupied house will be :
 - (a) Municipal valuation.
 - (b) Fair rental value.
 - (c) Nil.
 - (d) Municipal valuation or Fair rental value whichever is higher.
- 5 In the case of a person resident in India, agricultural income from abroad is :
 - (a) Not taxable.
 - (b) Fully taxable.
 - (c) Taxable in some cases.
 - (d) Partly exempt from tax.
- 6 Income from buying and selling of house property is chargeable under the head _____.
- 7 Land becomes long term capital asset when held for more than _____.
- 8 Gift in cash upto Rs. _____ is not taxable.
- 9 Office buildings are eligible for depreciation at the rate of _____.
- 10 Loss from speculation business can be carried forward for a maximum of _____ years.

(10 × 1 = 10 marks)

Turn over

Part II

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

- 11 What are the conditions to be satisfied to claim deduction for unrealised rent ?
- 12 What do you mean by grossing up of income ?
- 13 What is a 'block of asset' ?
- 14 Write a note 'Unabsorbed Depreciation'.
- 15 Which are deductions allowable from gross salary ?
- 16 How is family planning expenses for employees treated for tax ?
- 17 What is annual accretion ? How is it taxable ?
- 18 How is exemption of amount received on VRS determined ?
- 19 What is Converted property ? Who is liable to pay tax on income from converted property ?
- 20 State any four deductions allowable under Section 54, while computing capital gain ?

(8 × 2 = 16 marks)

Part III

*Answer any six questions.
Each question carries 4 marks.*

- 21 Define salary as per Section 17(1).
- 22 From the following information compute the capital gains liable to tax in the financial year 2015-16 :

	(Rs.)
(i) Cost of acquisition of residential house in 1990-91	— 5,00,000
(ii) Sale consideration received in April 2015	— 50,00,000
(iii) Cost of construction of the new residential house before the due date of filing the return for year 2015-16	— 18,00,000

Cost inflation index - 1990-91 - 182 and 2015-16 - 1081.

- 23 Ms. Lakshmi, a professional singer comes to India on 10th May 2013 after staying 10 years abroad. She was then in India and leaves India on 5th January 2016. While in India she was fully engaged with professional programmes in different parts of the country. Determine her residential status in India for the financial year 2015-16.

What will be your answer if she comes to India on 10th May 2013 after staying 3 years abroad and was in India before that ?

- 24 The written down value of a block of 10 machines (depreciation rate 25%) was Rs. 25,00,000. A new machine costing Rs. 4,00,000 was purchased in December 2015. In March 2016, all the 10 old machines were sold for Rs. 1,00,000. Compute depreciation allowance for the year 2015-16. Assets not eligible for additional depreciation.

25 Ms. Mohini receives the following gifts during the financial year 2015-16 :

- 1 Rs. 20 Lakh and a wrist watch (cost Rs. 5,000) from a friend in U.S.A.
- 2 Rs. 5 Lakh from another friend in UK.
- 3 Rs. 2 Lakhs received from grandfather.
- 4 Rs. 40,000 from great grandfather.
- 5 Rs. 3 Lakh from a friend at the time of her marriage.
- 6 A laptop worth Rs. 40,000 from her employer.

She has taxable income from salary Rs. 2,00,000 and winnings from lottery Rs. 1,00,000 during the year. Compute gross total income.

26 The following information relate to the income of Mr. Nikhil during the year 2015-16.

	Rs.
1 Agricultural income from Nicobar Islands	... 50,000
2 Amount received from sub-letting half of his rented residential house (Municipal taxes paid for the house Rs. 2,000)	... 10,000
3 Dividend from an Indian company engaged in agricultural activities	... 40,000
4 Dividend from an Indian company engaged in non-agricultural activities	... 60,000
5 Dividend from a foreign company	... 2,00,000
6 Income from consultancy services	... 1,00,000
7 Income from a stone quarry in Maharashtra (expenses in connection with stone extraction Rs. 1,10,000)	... 1,50,000
8 Agricultural income from USA.	... 1,00,000

Compute taxable income under the head 'Income from other sources' for the year ended 31st March 2016.

27 Briefly explain the situations of clubbing of income.

28 Explain the rules relating to set off and carry forward of losses.

(6 × 4 = 24 marks)

Part IV

Answer any two questions.

Each question carries 15 marks.

29 Explain the deductions from GTI, under chapter VIA of the Income Tax Act.

30 Mr. Gadgil is an officer of a limited company. His monthly emoluments were as follows :

	Rs.
1 Basic salary	— 50,000
2 Dearness Allowance	— 10,000
3 Tiffin allowance	— 1,500
4 Children education allowance	— 600 (for three children)
5 Entertainment allowance	— 3,000
6 Hostel allowance	— 1,500 (for three children)
7 House rent allowance	— 5,000

Turn over

The company paid his private telephone expenses which amounted to Rs. 30,000 during the year. The company gave him a special present on the new year day, the cost of which was Rs. 2,000.

He has a car (with driver) which he uses for official purposes also. The expenses reimbursed by the employer in respect of the car amounted to Rs. 1,20,000.

Compute income from salary assuming that the cubic capacity of the car is 1.6 litre.

What will be your answer if the car is of more than 1.6 litre c.c. ?

- 31 Mr. Bose is an advocate in Ahmedabad. He keeps his accounts on cash basis. The following is the summarized receipts and payments account for the year ended 31.03.2016 :

Receipts and Payments account for the year ending 31.03.2016

	Rs.		Rs.
Balance	2,05,000	Subscription of law journals	6,000
Legal fee	3,70,000	Books purchased	
Special commission fee	21,500	(annual publication)	4,000
Salary as law lecturer		Rent	21,500
in a university	48,000	Office expenses	5,000
Examiner fee		Electricity charges	4,000
(from a University)	12,400	Income tax	22,000
Interest on bank deposit	1,300	Gift to daughter	11,000
Dividend from a		House hold expenses	95,000
co-operative society	21,000	Computer purchased for office	40,000
Directorship fee	12,000	Donation to approved institution	1,000
		Car purchased	3,60,000
		Life insurance premium	6,000
		Balance	1,15,700
	6,91,200		6,91,200

The following details are available :

- 1 Half of the house is used as office and he resides in the remaining half.
 - 2 Half of the rent and electricity charges are in respect of office use.
 - 3 Half of the car expenses are attributable for official use.
 - 4 The computer was purchased on 1.1.2016.
 - 5 He claims that books of Rs. 3,000 were purchased for professional purposes.
- Compute the gross total income of Mr. Bose for the year 2015-16.

(2 × 15 = 30 marks)

C 2333

(Pages : 3)

Name.....

Reg. No.....

SIXTH SEMESTER B.Com. DEGREE (U.G.—CCSS) EXAMINATION
APRIL 2016

(SDE)

Core Course

BC 6B 12—INCOME TAX LAW AND PRACTICE

Time : Two Hours and Forty-Five Minutes

Maximum : 27 Weightage

Answers should be written only in English.

Part B

SECTION A

I. Answer all *nine* questions in one or two sentences each. Each question carries a weightage of 1.

- 1 What is an assessment year ?
- 2 What do you mean by casual income ?
- 3 Define Gross Total Income ?
- 4 Who is an Assessee ?
- 5 What do you mean by Income from house property ?
- 6 What do you mean by income tax rules ?
- 7 What is a speculative transaction ?
- 8 Write a note on agriculture Income ?
- 9 Who is an ordinary resident ?

(9 × 1 = 9 weightage)

SECTION B

II. Answer any *five* questions. Each question carries a weightage of 2.

- 10 Discuss the terms carry forward and setoff of losses ?
- 11 Explain about the incidence of tax ?

Turn over

- 12 The construction of a house was completed on April 1, 2014 and following information is available about this house property :

Municipal value	...	30,000 p.a.
Fair Rental value	...	32,000 p.a.
Actual Rent	...	3,000 p.m.
Municipal taxes	...	5,000 p.a.

The house was let out for a period of 9 months from 1-4-2014 to 31-12-2014 and self occupied from 1-1-2015 onwards.

Calculate the income from house property for the previous year ending on 31-3-2015.

- 13 Find out the value of perquisites of car in the following case :

Employer has provided the employee a car (1800 cc) which he uses both for official as well as for private purposes. Expenses incurred on the cars during the previous year are :

Cost of car	...	Rs. 8,00,000
Petrol expense	...	Rs. 60,000
Insurance, repairs etc	...	Rs. 40,000.
Driver	...	Rs. 48,000

Mr. X pays Rs. 500 p.m. to his employer for the private use of the car.

- 14 Mr. Narayan sold a plot of land at Jaipur on 1-6-2014 (C.I.I. = 1024) for Rs. 14,40,000. He paid Rs. 40,000 as selling expenses. The plot was received by him on death of his father on 15-3-85 (C.I.I. 125). His father had acquired it on 1-4-1980 for Rs. 1,00,000 and its FMV on 1-4-1981 was Rs. 1,20,000.

On 1-10-2014 he invested Rs. 3,00,000 in bonds issued by Rural Electrification Corporation Limited notified u/s 54 EC. Compute his taxable capital gain.

- 15 Compute gross salary of Mr. X from the information given below, if he is living in his own house :

- 1 Salary at Rs. 3,500 p.m.
- 2 D.A. at Rs. 1,000 p.m.
- 3 C.C.A. at Rs. 200 p.m.
- 4 H.R.A. at Rs. 1,000 p.m.
- 5 Commission on turnover achieved by him Rs. 6,000.

- 16 Mr. Savin, an American citizen, came to India for the first time 10-01-2011 and left for Britain on 15-09-2011. He again came to India on 01-05-2014 and left for Korea on 15-06-2014. Determine his residential status for the assessment year 2015-16.

(5 × 2 = 10 weightage)

SECTION C

III. Answer any *two* questions. Each question carries a weightage of 4.

- 17 What do you mean by perquisites ? Explain about different types of perquisites.

- 18 Mr. Samuel owns the following 2 let out house properties. Find out the net annual value for the assessment year 2015-16.

	B (Rs.)	C (Rs.)
Municipal rental value ...	30,000	60,000
Fair rental value ...	28,000	66,000
Standard rent ...	40,000	50,000
Actual rent received ...	32,000	48,000
Municipal taxes - paid ...	4,000	
Municipal taxes - due ...		4,000

- 19 Mr. Savin is employed at Hyderabad at a basic salary of Rs. 25,000 p.m. and he is also getting following allowances :

(a) Dearness Allowances	... 2,000 p.m.
(b) Lunch Allowance	... 1,000 p.m.
(c) Servant Allowance (He is paying 1200 p.m. to a servant)	... 1,000 p.m.
(d) Transport Allowance	... 1,000 p.m.
(e) Education Allowance at 200 p.m., per child for 3 children	
(f) Entertainment Allowance	... 2,000 p.m.
(g) Medical Allowance	... 800 p.m.
(h) City compensatory Allowance	... 600 p.m.
(i) Overtime Allowance	... 2,000 p.m.

Compute his income under the head salary.

(2 × 4 = 8 weightage)

C 1714

10

(Pages : 4)

Name.....

Reg. No.....

SIXTH SEMESTER B.Com. DEGREE EXAMINATION, MARCH/APRIL 2016

(UG—CCSS)

Core Course

BC 6B 12—INCOME TAX LAW AND PRACTICE

Time : Three Hours

Maximum : 80 Weightage

I. Objective type questions. Answer *all* questions :

(A) Choose the correct answer :

1 Income tax is levied on :

- (a) Monthly basis. (b) Quarterly basis.
(c) Half-yearly basis. (d) Yearly basis.

2 Number of digits in a PAN card are :

- (a) 9. (b) 8.
(c) 10. (d) 12.

3 In HRA, Salary includes :

- (a) Basic salary. (b) Commission.
(c) A and B both. (d) Allowances.

4 Minor's income is clubbed to :

- (a) Father's income.
(b) Mother's income.
(c) Father's or mother's income, whichever is greater.
(d) Both mother's and father's income.

(B) Fill in the blanks :

- 5 Long term capital gain is derived from _____.
6 Income from nursery is _____ income.
7 Income tax is a _____ tax.
8 Commissioner of Income Tax is appointed by _____.

(C) Answer in *one word*.

- 9 What is TDS ?
10 What is CBDT ?

Turn over

- 11 What is direct tax ?
- 12 What is FRV ?

(12 × ¼ = 3 weightage)

II. Short answers type questions. Answer all *nine* questions in one or two sentences each :

- 13 Who is an Assessee ?
- 14 What is an assessment year ?
- 15 What do you mean by Casual Income ?
- 16 What do you mean by short term capital gains ?
- 17 Who is a resident ?
- 18 What do you mean by Income from salary ?
- 19 What is the Gross Total Income ?
- 20 Write any *five* taxable allowances ?
- 21 What do you mean by a financial year ?

(9 × 1 = 9 weightage)

III. Short essays. Answer any *five* questions. Each question carries a weightage of 2 :

- 22 Write any *five* deductions under Section 80 C of Income Tax Act, 1961.
- 23 What is partly agriculture income ? Give examples.
- 24 What do you mean by the annual value of house property ? How it can be determined ?
- 25 Compute gross salary from the information given below, if he is living in a rented house at Delhi and D.A. enters into pay for services benefits and rent paid is Rs. 2,500 p.m.

- 1 Salary —Rs. 7,000 p.m.
- 2 D.A.—Rs. 2,000 p.m.
- 3 C.C.A.—Rs. 250 p.m.
- 4 H.R.A.—Rs. 2,000 p.m.
- 5 Commission on turnover achieved by him—Rs. 5,000.

- ✓26 Mr. Sangeeth has been provided with a car (1800 cc) facility to be used both for official purpose as well as for private use. Expenses on this car are :

- Petrol—Rs. 60,000.
- Driver—Rs. 48,000.
- Insurance—Rs. 40,000.
- Cost of Car—Rs. 8,00,000.

He also pays Rs. 500 p.m. to his employer for the private use of the car. Find out the taxable value of perquisites.

- 27 Mr. Faizal is the owner of following 1 let out and 1 self occupied house properties. Find out the net annual value for the Assessment Year 2015-16.

	A	<i>Self Occupied</i>
Municipal rental value ...	30,000	90,000
Fair rental value ...	32,000	—
Standard rent ...	34,000	—
Actual rent received ...	38,000	—
Municipal taxes - paid ...	2,000	9,000
Municipal taxes - due ...	2,000	—

- 28 Mr. X sells agricultural land situated in an urban area for Rs. 10,31,000 (brokerage 2%) on March 31st, 2015. (Cost of acquisition 70,000 on March 1st, 1987, it was used for agricultural purposes since 1990). On April 6, 2015 he purchased the following assets :—

- (a) Agricultural land : Rs. 1,50,000
 (b) A residential house property : Rs. 5,00,000.

Find out the capital gains chargeable to tax for A.Y. 2015-2016. CI Index for 2014-15 is 1024 and for 1986-87 it was 140.

(5 × 2 = 10 weightage)

IV. Essay questions. Answer any *two* questions; each question carries a weightage of 4 :

- 29 Examine the steps applicable to computation of total income and tax liability of individuals ?
 30 Mr. Dravid provided the following information about his salary income. He is working in a company at Ranchi (population 15 lakhs).

Basic Salary—Rs. 12,000 p.m.

Profit Bonus—Rs. 12,000

Commission on turnover achieved by Mr. Dravid—Rs. 42,000.

Entertainment allowance—Rs. 2,000 p.m.

Club facility—Rs. 6,000.

Transport allowance—1,000 p.m.

Free use of car of more than 1.6 litres capacity. It is for both personal and employment purpose. The expense is met by the employer.

Free education facility for two children of the employee. (Bills issued in the name of the employer)—Rs. 22,500.

Gas water and electricity of employer—Rs. 16,800.

Compute income from salary for the A. Y. 2015—16.

Turn over

31 A house was completed on April 1, 2014 and following information is available about this house.

Municipal value of the house—Rs. 30,000 p.a.

Fair rental value of the house Rs. 32,000 p.a.

Actual Rent—Rs. 4,000 p.m.

Municipal Taxes—Rs. 6,000 p.a.

The house was let-out for a period 1-4-2014 to 31-12-2014 and self occupied from 1-1-2015 onwards.

Fire insurance premium—Rs. 3,600.

Land revenue—Rs. 6,000.

Interest on loan for the period :

(a) 1-4-2014 to 31-3-2014—Rs. 45,000.

(b) 1-4-2014 to 31-3-2015—Rs. 15,000.

Calculate the income from house property for the P. Y. ending on 31-3-2015.

(2 × 4 = 8 weightage)

C 80001

6

(Pages : 4)

Name.....

Reg. No.....

SIXTH SEMESTER B.Com. DEGREE EXAMINATION, MARCH/APRIL 2015

(U.G.—CCSS)

Core Course

BC 6B 12—INCOME-TAX LAW AND PRACTICE

Time : Three Hours

Maximum : 30 Weightage

I. Objective Type Questions. Answer *all* questions :—

(A) Choose the correct answer :

1 The rate of income tax is fixed by :

- ✓(a) Income tax Act. (b) Finance Act.
(c) Companies Act. (d) Factories Act.

2 Rate of tax on lottery winnings is :

- (a) 10 %. (b) 20 %.
✓(c) 30 %. (d) 15 %.

3 Deduction for donation is :

- (a) 80 C. (b) 80 D.
(c) 80 E. ✓(d) 80 G.

4 Directors fees is an example of :

- (a) Income from salary.
(b) Income from business.
✓(c) Income from other sources.
(d) None of these.

(B) Fill in the blanks :

5 Income earning year is called py.

6 Capital gain arises from the transfer of capital asset.

7 Dividend received from domestic company is exempt from tax.

8 The inclusion of other person's income in the income of an individual is called clubbing.

Turn over

(C) Answer in one word :

- 15000 9 What is the maximum amount of deduction under section 80 C ?
- 10 What is the most important section the Income Tax Act ?
- 3% 11 What is the rate of standard deduction from net annual value ?
- 12 What is the year of Income Tax Act ? 1961

(12 × ¼ = 3 weightage)

II. Short Answer type questions. Answer all *nine* questions :

- 13 Define Assessment Year.
- 14 What is casual income ?
- 15 How will you Gross up winnings from lottery ?
- 16 What is section 80 D ?
- 17 Define Annual Value.
- 18 What is LTCG ?
- 19 Why income from other sources is called residuary head of income ?
- 20 Mr. B has a total income of Rs. 3,20,000 including Rs. 1,00,000 lottery winnings for the Assessment Year 2013 -- 2014. Find out tax payable by him.
- 21 Mr. H, a foreign cricketer comes to India for 100 days every year since the financial year 2002 -2003. Find out his Residential status for the A/Y 2013 -2014.

(9 × 1 = 9 weightage)

III. Short essay or Paragraph questions. Answer any *five* questions :

- 22 Mention eight items of incomes which are exempt from tax.
- 23 Explain the provisions relating to the clubbing of income.
- 24 Mr. X came to India for the first time on 1st November 2011. During his stay in India up to 30th October, 2012 he stayed at Mumbai upto 10th May, 2012, and thereafter remained in Bangalore till his departure from India. Determine his residential status for the A/Y 2013-14.
- 25 After serving for 33 years and 9 months in Bharat Chemicals Ltd., Mr. X who is covered under the Payment of Gratuity Act retires from service on 30th November, 2012. The employer pays him a gratuity of Rs. 9,00,000. His monthly basic salary at the time of retirement was Rs. 30,000, D.A. Rs. 9,000 and HRA Rs. 4,500.
- You are required to determine the amount of gratuity exempt under section 10 (10) of I.T. Act.

26. A deduction of Rs. 50,000 was allowed to Mr. X in the A.Y. 2009-10 relating to unrealized rent. During the P.Y. 2012-13 he realized Rs. 40,000 from the tenant and spent Rs. 10,000 for this realization. Determine the amount assessable under the head Income from House Property for the A.Y. 2013-14. Would your answer be different if Mr. X had disposed off the house in 2011-12.
27. Mr. Sharma sells his only residential house in Mangalore on 24th August, 2012 for Rs. 45,00,000 and incurs an expenditure of Rs. 70,000 in connection with the transfer. Cost of acquisition of the house for him in 1978 was Rs. 1,80,000 and on 1/4/1981 the fair market value was Rs. 4,00,000. On 16th January, 2013 he purchased a residential house in Mangalore for Rs. 5,00,000 and deposited Rs. 1,00,000 in the Capital Gain Account Scheme. Compute the taxable capital gain for A.Y. 2013-14. The CII for 1981-82 was 100 and for 2012-13 it is 852.
28. Mr. Basu received the following incomes during 2012-13. Compute taxable income under the Income from other sources separately for each case.

		Rs.
A	1 Winnings from Sikkim lottery ...	14,000
	2 Winnings races from horse races ...	2,000
	3 Winnings from crossword puzzle ...	4,000
B	1 Winnings from lottery ...	2,000
	2 Winnings from horse races ...	21,000

(5 × 2 = 10 weightage)

IV. Essay questions. Answer any *two* questions. each question carries a weightage of 4.

- 29 Explain the provisions regarding set off and vary forward of losses.
- 30 Mr. Sunil is purchase officer in a company in Kota (population exceeding 25 lakh). Compute his taxable income from salary for the A.Y. 2013-14.
- (i) Net basic salary Rs. 1,20,000 which is after deducting Rs. 2,000 for income tax, Rs. 10,000 as contribution to RPF and rent of the bungalow Rs. 3,600.
 - (ii) Bonus Rs. 1,800.
 - (iii) T.A. for official duty Rs. 25,000.
 - (iv) Reimbursement of medical bills Rs. 15,000 (treatment was made in a government hospital in India).
 - (v) He lived in a bungalow belonging to the company. The company has provided on this bungalow the facility of a gardener and a cook each of whom is being paid a salary of Rs. 250 /- month and Rs. 800 /- month respectively. The company paid in respect of this bungalow Rs. 4,800 for electric bill and Rs. 1,200 for water bill.

Turn over

- (vi) He has been provided with a large car for official and personal use. The maintenance and running expenses of the car (including driver) are borne by the company.
- (vii) The following amounts were deposited in his P.F. account: (a) own contribution Rs. 10,000 (b) company's contribution Rs. 10,000 (c) interest at 9.5 % p.a. Rs. 9075.

31. From the following compute tax payable by Mr. X for the A.Y. 2013-14.

	Rs.
1 (i) Equity shares purchased on 19.6.2011	... 18,520
(ii) Sold these shares in recognized stock exchange on 15.12.2012	... 25,400
(iii) Paid brokerage Rs. 300 and securities transaction tax	... 50
2 (i) Equity shares purchased on 8.5.2012	... 1,00,000
(ii) Sold these shares in recognized stock exchange on 6.2.2013	... 1,50,000
(iii) Paid brokerage Rs 1500 and S.T.T	... 300
3 (i) Equity shares purchased on 9.5.1984	... 40,000
(ii) Company purchased its own shares during P.Y. from shareholders and paid to Mr. X for his holdings	... 3,20,000
4 Other income	... 2,00,000

CII -1984-85, 2011-12 and 2012-13 was 125, 785 and 852 respectively.

(2 × 4 = 8 weightage)

C-80443

(Pages : 2)

Name.....

Reg. No.....

**SIXTH SEMESTER B.Com. DEGREE (UG-CCSS)
EXAMINATION, MARCH/APRIL 2015**

(SDE)

Core Course

BC 6B 12—INCOME TAX LAW AND PRACTICE

Time : Two Hours and Forty-five Minutes

Maximum : 27 Weightage

Answer only in English.

Part B

Section A

I. Answer *all* questions in one or two sentences each. Each question carries a weightage of 1 :

- 1 What are the items included under the term income ?
- 2 What is meant by encashment of earned leave ?
- 3 Name two incomes that are totally exempt from tax.
- 4 What is meant by perquisites ?
- 5 What is the exemption allowed for HRA ?
- 6 What is standard deduction under house property income ?
- 7 What is meant by clubbing of income ?
- 8 What is cost inflation index ?
- 9 Who is eligible for deduction u/s 80 U ? How much is the deduction ?

(9 × 1 = 9 weightage)

Section B

II. Answer any *five* questions. Each question carries a weightage of 2 :

- 10 Explain the perquisites that are fully exempt from tax.
- 11 Define capital gain. What are the transactions that are regarded as transfer ?
- 12 Mr. Ganesh left for U.S.A. on 10th March, 2010 after having lived in India for 20 years. He came to India on 15th July 2011 and stayed for 20 days. Again he came to India on 10th September 2012 for permanent settlement. Determine his residential status for the Assessment Year 2013-14 ?
- 13 An individual occupies a residential house with a fair rental value of Rs. 2,00,000. He paid municipal tax Rs. 2,000. Interest on loan borrowed for repairs of property amounted to Rs. 42,000. Find the income from house property.

Turn over

14 Written down value of a Plant and Machinery on 1-4-2012 was Rs. 12,00,000. During the year a new plant costing Rs. 3,00,000 was bought in Jan. 2013 for production department. Calculate depreciation of the block at 15 % for the Assessment Year 2013-14.

15 A firm furnished the following particulars :

	Rs.
Loss from business ...	1,50,000
Income from house property ...	3,00,000
Income from other sources ...	1,50,000
Loss from speculation business ...	70,000
Unabsorbed Depreciation ...	30,000
Long-term capital loss ...	1,00,000

Compute gross total income for the Assessment Year 2013-14.

16 Mr. Prakash purchased a residential flat for Rs. 21,000 in 1986-87. He sold the same for Rs. 6,50,000 during the previous year. He purchased a house for Rs. 2,88,000 and deposited Rs. 2,00,000 in bonds of NHAI within 6 months of transfer. Compute taxable capital gain for the A.Y. 2013-14 (Index 1986-87 – 140 and 2012-13 – 852).

(5 × 2 = 10 weightage)

Section C

III. Answer any two questions. Each question carries a weightage of 4 :

17 Explain the provisions relating to set-off and carry forward of losses.

18 Mr. Mani is a production manager of a company. Particulars of his salary are given below :

Basic salary Rs. 15,000 p.m.; DA Rs. 5,000 p.m., given as per terms of employment.
Entertainment allowance Rs. 1,000 p.m.; Medical allowance Rs. 500 p.m.; HRA Rs. 4,000 p.m. Rent paid for the house Rs. 5,000 p.m.

A small car is provided for private and office use, all expenses are met by the employer. He and his employer contribute 15 % of salary to RPF. He had taken an interest free loan of Rs. 15,000 to purchase a refrigerator. Compute taxable salary for the A.Y. 2013-14.

19 Mr. Sunil is the owner of two houses. The details of the houses are given below :

Particulars	House I (Let out)	House II (Self occupied)
Actual rent ...	90,000	—
Standard rent ...	70,000	80,000
Municipal rent ...	85,000	90,000
Municipal tax ...	9,000	8,000
Interest on loan ...	12,000	24,000
Unrealised rent ...	11,000	—

Compute income from house property.

(2 × 4 = 8 weightage)

C 61401

(Pages : 4)

Name.....

Reg. No.....

**SIXTH SEMESTER B.Com. DEGREE (UG-CCSS) EXAMINATION
APRIL 2014**

(SDE)

BC 6B.12—INCOME-TAX LAW AND PRACTICE

Time : Two Hours and Forty-five Minutes

Maximum : 27 Weightage

Answers should be written only in English.

Part B

SECTION A

*Answer all questions in one or two sentences each.
Each question carries a weightage of 1.*

1. What is assessment year ?
2. Define casual income.
3. Who is an assessee ?
4. What is meant by SPF ?
5. What is deemed income ?
6. How is annual value of house property calculated ?
7. What is meant by block of assets ?
8. What is short term capital gain ?
9. What is the deduction available under section 80 E and for what ?

(9 × 1 = 9 weightage)

SECTION B

*Answer any five questions.
Each question carries a weightage of 2.*

10. How will you determine the residential status of an individual ?
11. What are the expenses that are deductible u/s. 36 and 37 while computing business income ? (Mention 8 items).
12. The following are the income of Sri Ram for the previous year 2012-13 :
 - (a) Profit from business in Iran received in India Rs. 5,000.
 - (b) Income from house property in Iran received in India Rs. 500.
 - (c) Income from house property in Pakistan deposited in a Bank there Rs. 1,000.
 - (d) Profits of business established in Pakistan deposited in a bank there Rs. 20,000, this business is controlled from India.

Turn over

- (e) Accrued in India but received in England Rs. 2,000.
 (f) Profit earned from business in Kanpur Rs. 6,000.
 (g) Income from agriculture in England Rs. 5,000.
 (h) Past untaxed foreign income brought into India during the previous year Rs. 10,000.

From the above particulars ascertain the taxable income for the previous year 2012-13 if he is (i) a resident ; (ii) a not ordinarily resident ; and (iii) a non-resident.

13. Sri. Amalnath, who is not covered by the Payment of Gratuity Act, 1972, receives a gratuity of Rs. 11,64,000 when he retires on 30th June, 2011 after a serving 34 years and 9 months. His last drawn emoluments are : Basic Salary Rs. 75,000 per month. Dearness Allowance Rs. 15,000 per month (Not as per terms of employment) Annual increment of basic salary Rs. 3,000 falls due on 1st January every year. What amount of Gratuity is exempt from tax in the A.Y. 2013-14 ?
14. Determine the annual value of the house in the following cases :—
 Expected rent Rs. 1,00,000
 House let-out at Rs. 10,000 p.m.
 House tax paid by owner Rs. 9,000 (10 % of municipal value)
 House remains vacant for (a) 1 month, (b) 3 months.
15. Mr. Basu received the following incomes during 2010-11. Compute taxable income under the head "Income from other sources" :—
- | | Rs. |
|---|--------|
| Received winnings from Sikkim lottery ... | 14,000 |
| Received winnings from horse races ... | 2,000 |
| Winnings from crossword puzzle ... | 4,000 |
16. Ram purchased a residential house in 1968 for Rs. 2,00,000 which he sold in October 2012 for Rs. 30,60,000. FMV on 1-4-1981 was Rs. 3,00,000. He purchased a new house on 31st Dec. 2012 for Rs. 4,10,000. Compute taxable capital gain. (CCI-1981-82 100, 2012-13-852).

(5 × 2 = 10 weightage)

SECTION C

Answer any two questions.

Each question carries a weightage of 4.

17. Explain the provisions relating to clubbing of income.
18. The following particulars relate to the income of Sri. Rajeev for the previous year 2012-13 : He is employed in a cotton textile mill at Bangalore on a monthly salary of Rs. 25,000. He is also entitled to a commission at 1 % of sales effected by him. The sales effected by him during the previous year amounted to Rs. 40,00,000. He received the following allowances and perquisites during the year :
- (i) Dearness pay at Rs. 6,000 per month.
 (ii) Bonus at two months basic salary.
 (iii) Entertainment allowance at Rs. 2,000 per month.
 (iv) House Rent Allowance at Rs. 5,000 per month.
 (v) The employer paid Rs. 10,000 towards the income-tax liability of Sri Rajeev.

- (vi) The employer provided him Leave Travel Concession Rs. 35,000 for going to Simla.
- (vii) He has also been provided with gas, electricity and water facility and employer spent Rs. 15,000 on these.
- (viii) The employer gave him cotton worth Rs. 1,000 free of cost.
- (ix) He and his employer both contributed 15% of his salary to his recognised provident fund and interest credited to this fund at 9 % amounted to Rs. 30,000 during the previous year.
- (x) He spent Rs. 6,000 per month as rent of the house occupied by him in Bangalore.

Compute taxable income under the head "Salaries" for the Assessment Year 2013-14.

Sri. Nehar is the proprietor of a business. His Profit and Loss Account for the year ended 31st March, 2013, is as follows :

	Rs.		Rs.
Establishment ...	4,800	Gross Profit ...	1,50,840
Rent, Rate and Taxes ...	2,900	Interest on Govt. Security ...	5,400
General Charges ...	7,500	Rent from House property ...	5,400
House hold expenses ...	51,730		
Commission ...	1,500		
Discount and Allowances ...	450		
Provisional for Bad Debts ...	1,200		
Postage and Telegrams ...	270		
Low charges ...	450		
Advertising ...	1,550		
Fire Insurance Premium (for goods) ...	360		
Sales tax paid ...	1,450		
Repairs and Renewals (not for business premises) ...	630		
Losses of sales of Motor car (used for private purpose) ...	1,800		
Life Insurance Premium ...	1,790		
Wealth Tax ...	740		
Interest on Capital ...	350		
Audit Fee ...	300		
Interest on Bank Loan ...	1,380		
Provision for Depreciation ...	2,500		
Provision for Income-tax ...	3,900		
Net profit transferred to Capital Account ...	80,840		
	<u>1,61,640</u>		<u>1,61,640</u>

Turn over

Following further information are given :

- (a) Actual Bad Debts written-off during the year amount to Rs. 550.
- (b) Amount of Income tax actually paid during the year is Rs. 4,200.
- (c) Depreciation allowable is Rs. 1,700 as per Income tax Rules.
- (d) Advertising Expenses include Rs. 550 spent on special advertising campaign to open a new shop in the market.
- (e) Low charges are in connection with protection of a trademark.
- (f) Sri Nehru carries on his business from a rented premises, half of which is used as his residence. Rent, Rates and Taxes include Rs. 2,400 paid as rent of the premises during the year.
- (g) Bank loan is taken for business purposes.

Compute the business income of Sri. Nehar for the A.Y. 2013-14.

(2 × 4 = 8 weightage)