

C 80050

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Name.....

Reg. No.....

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 assesseees.
- 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 :

- (a) 10% Rs. 30,000 tax-free Govt. Securities.
- (b) 10% Rs. 40,000 Karnataka Govt. Loan.
- (c) 10% Rs. 36,000 tax-free debentures (listed) of a company.
- (d) 10% Rs. 20,000 debentures (listed) of a tea company.
- (e) 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 Decèmber 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 dependant father Rs. 3,000.
 - Donations to an approved charitable institution Rs. 10,000.

Compute his total income.

(2 × 15 = 30 marks)