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Name.....

Reg. No.....

**FIFTH SEMESTER B.A./B.Sc. DEGREE EXAMINATION  
NOVEMBER 2020**

(CUCBCSS—UG)

B.Com.

BCM 5B 09—INCOME TAX LAW AND ACCOUNTS

(2017 Admissions)

Time : Three Hours

Maximum : 80 Marks

**Section A**

*Answer all questions.*

*Each question carries 1 mark.*

A) Fill in the blanks :

- 1 Assessment Year is the period of 12 months commencing from \_\_\_\_\_ Every year.
- 2 When the income earned in an year is taxed in the same year, it is called \_\_\_\_\_.
- 3 CBDT stands for \_\_\_\_\_.
- 4 Salary is defined as per section \_\_\_\_\_.
- 5 Payment made by an employer to employee monthly, other than salary is called \_\_\_\_\_.

B) Choose the correct answer from the bracket :

6 Income tax is a \_\_\_\_\_.

- |                      |                 |
|----------------------|-----------------|
| A) Professional tax. | B) Direct tax.  |
| C) Indirect tax.     | D) Service tax. |

7 Income tax rates are fixed in \_\_\_\_\_.

- |                      |                   |
|----------------------|-------------------|
| A) Income tax Act.   | B) Finance Act.   |
| C) Income tax rules. | D) Finance rules. |

8 Children education allowance is exempt up to per month per child for two children.

- |             |             |
|-------------|-------------|
| A) Rs. 100. | B) Rs. 150. |
| C) Rs. 200. | D) Rs. 250. |

Turn over

- 9 Foreign allowance is a \_\_\_\_\_.
- A) Fully Exempted Allowance.      B) Fully Taxable Allowance.  
C) Partly Exempted Allowance.      D) None of these.
- 10 Under the head Income from House Property the basis of charge is \_\_\_\_\_.
- A) Rent Received.      B) Gross Annual Value.  
C) Annual Value.      D) Municipal Value.

(10 × 1 = 10 marks)

### Section B

*Answer at least five questions.*

*Each question carries 4 marks.*

*All questions can be attended.*

*Overall Ceiling 20.*

- 11 What is previous year ?
- 12 What is residential status ?
- 13 What is partly agriculture income ?
- 14 What is Gratuity ?
- 15 Define Perquisite.
- 16 What is composite rent ?
- 17 What is municipal value ?
- 18 Define Profession.
- 19 What is capital asset ?
- 20 What is cost of acquisition ?

(5 × 4 = 20 marks)

### Section C

*Answer at least four questions.*

*Each question carries 8 marks.*

*All questions can be attended.*

*Overall Ceiling 32.*

- 21 Mr. Raja enters into a job in 2016. His particulars of job for the previous year 2019-2020 are as under. Basic salary 50,000 p.m., D.A. 10,000 p.m. (Half forming part of salary), HRA 12,000 p.m. and actual rent paid Rs. 6,000 p.m. Employer and employee contributed 13% of salary towards recognised provident fund. Life insurance premium paid

- 22 Mr. Ram owns a house property which has two identical units. One unit is let out for residential purpose and other unit is self occupied by him during the previous year. The particulars of the house property are as follows :

Municipal value - Rs. 6,00,000 p.a. : actual rent - Rs. 50,000 p.m. : standard Rent-Rs. 5,50,000 p.a.

The house remained vacant for two months and Rule 4 has been satisfied by him.

Compute the income from House property.

- 23 Calculate income from other sources from the following particulars :

1. Winning from lottery Rs. 1,00,000
2. Received from race winnings Rs. 35,000
3. Interest received from listed debenture Rs. 9,000
4. Interest on 10% tax free debentures of Rs. 10,000.
5. Received Rs. 25,000 as gift from a friend.
6. Received Rs. 50,000 as gift from elder brother
7. Received Rs. 30,000 as gift on his marriage.
8. Received Rs. 80,000 as gift from another friend.

Calculate Taxable income.

- 24 Mr. Laloo Singh, received education allowance of 80 p.m. for his 1st child, 90 p.m. for his 2nd Child and 120 p.m. for his 3rd child. He also received hostel allowance of 1,000 p.m. None of his Children are studying. Find taxable Children Education Allowance and Hostel allowance.

- 25 Compute income from "income from other sources" from the following particulars submitted By Mr. Soman :

1. Dividend (gross) 9,600.
2. Expenses incurred for its collection 500.
3. Receipt from letting of plant and machinery 10,000.
4. Repairs of plant and machinery 4,000.
5. Insurance premium in respect of plant and machinery 2,000.
6. Depreciation allowed for letting 4,000.

- 26 Calculate capital gain from the following data. Sold self generated goodwill for a business Rs. 7,00,000 bonus shares in Kairali Ltd (not listed) and (being short term capital assets) sold for Rs. 4,00,000. Business income Rs. 30,000. Long term capital loss in the transfer of a building Rs. 20,000. Face value of bonus shares sold Rs. 3,00,000.

- 27 X, a resident of Ajmer, receives ' 48,000 as basic salary during the previous year 2018-19. In addition, he gets ' 4,800 as dearness allowance forming part of basic salary, 7% commission on sales made by him (sale made by X during the relevant previous year is ' 86,000) and ' 6,000 as house rent allowance. He, however, pays ' 5,800 as house rent. Determine the quantum of exempted house rent allowance.
- 28 Explain four incomes exempted from tax.

(4 × 8 = 32 marks)

**Section D***Answer any one question.**The question carries 18 marks.*

- 29 Mr. Anil submits the following particulars in respect of his business :

Opening stock	1,08,000	Sales	11,50,000
Purchases	9,46,000	Interest	11,000
Salary	54,000	Other business receipts	3,500
Rent and rates	24,000	Closing stock	1,35,000
Interest on loan	10,000	Bad debt recovered	10,000
Depreciation	1,13,000	Agricultural income	50,000
Advertisement	24,000		
Sales tax	2,940		
Loss on sale of short term assets	9,000		
Other expenses	5,060		
Income tax	1,000		
Net profit	60,000		
	3,06,000		3,06,000

Opening stock was overvalued by 10 % and closing stock undervalued by 10%.

Salary includes excess payment of Rs. 2,000.

The amount of advertisement was given in cash Sales tax was paid on 15.05.2018.

Other expense include Rs. 4,000 donation to Rajiv Gandhi relief fund.

Calculate business income and tax liability of Anil.

- 30 Mr. Sree is the owner of a house in Kottayam. The details regarding her house are given below. Municipal value 8,400, Rent received 9,000, Total Municipal tax 1260, Municipal tax paid by tenant 420, Ground rent 250, Repairs 2000, Interest on loan taken for renewing the house 300, Unrealized rent recovered 4000. Compute her income from house property for the A.Y. —2020-21.
- 31 Explain the provision for the valuation of motor car under the head salaries.

(1 × 18 = 18 marks)