

**SIXTH SEMESTER B.Com./B.B.A. DEGREE EXAMINATION, MARCH 2021**

(CUCBCSS—UG)

B.B.A.

BBA VIB 14—INCOME TAX (FINANCE SPECIALISATION)

Time : Three Hours

Maximum : 80 Marks

**Section A (Objective Questions)**

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

Choose the correct answer :

1. Annual value of a self-occupied house will be :
  - (a) Municipal valuation.
  - (b) Fair Rental Value.
  - (c) Municipal value or FRV whichever is more.
  - (d) Nil.
2. 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.
3. State which of the following income is exempted :
  - (a) Dearness Allowance.
  - (b) Foreign Allowance.
  - (c) City Compensatory Allowance.
  - (d) Medical Allowance.
4. For income tax purpose, house means :
  - (a) Dwelling house.
  - (b) Building for office use.
  - (c) Godown.
  - (d) All of these.
5. Interest on \_\_\_\_\_ securities is always grossed up.
  - (a) Tax free commercial.
  - (b) Less tax commercial.
  - (c) Government.
  - (d) Tax free government.

Fill in the blanks :

6. Income from buying and selling of house property is taxable under the head \_\_\_\_\_.
7. Loss from speculation business can be carried forward up to \_\_\_\_\_ years.

**Turn over**

8. Land becomes long term capital asset when held for more than \_\_\_\_\_.
9. Gift in cash up to Rs. \_\_\_\_\_ is not taxable.
10. Income tax in India is a \_\_\_\_\_ tax.

(10 × 1 = 10 marks)

### Section B (Short Answer Questions)

*Answer at least five questions.  
Each question carries 4 marks.  
All questions can be attended.  
Overall Ceiling 20.*

11. When does a H.U.F. become a non-resident ?
12. What is unabsorbed depreciation ?
13. What is unrealized rent ?
14. What is MMR ?
15. What is a capital asset ?
16. What do you mean by tax evasion ?
17. What is statutory provident fund ?
18. What is gross total income ?
19. What is cost inflation index ?
20. Mention any four items of allowances which are fully taxable.

(5 × 4 = 20 marks)

### Section C (Short Essay Questions)

*Answer at least four questions.  
Each question carries 8 marks.  
All questions can be attended.  
Overall Ceiling 32.*

21. Explain the treatment of encashment of earned leave.
22. How will you compute long term capital gains ?
23. What are the deductions allowed in computing income from house property ?
24. Explain the incidence of tax liability.
25. Mr. Arun, an Indian citizen, left India for the first time on 31st May 2015 and came back on 15th May 2018. He again left India on 10<sup>th</sup> June 2019 and came back on 14<sup>th</sup> January 2020. He is living in India since then. Determine his residential status during the previous year 2019-2020.

26. Mr. Madhu retired from service on 31<sup>st</sup> January 2020 after serving for 27 years and 5 months. His monthly remuneration at the time of retirement was Rs. 21,000, consisting of the following :

Basic Pay	... Rs. 10,000
Dearness Allowance	... 50% (forming part of pay)
Bonus	... Rs. 2,000
Commission	... Rs. 1,000
Travelling Allowance	... Rs. 3,000

At the time of retirement, he was given death cum retirement gratuity Rs. 2,20,000. Find out the taxable amount of gratuity for the year 2019-2020, if Mr. Madhu was an employee covered under Gratuity Act of 1972.

27. Mr. Ramachandran is the owner of a house which is let out during the previous year 2019-20. Following is the details of the house :

Fair Rental Value	... Rs. 1,36,000 per year
Actual Rent	... Rs. 4,000 per month
Municipal valuation	... Rs. 40,000 per year
Standard Rent	... Rs. 38,000 per year

Municipal tax is 10% of municipal valuation

Ground rent and collection charges	... Rs. 6,000
Interest on loan for construction	... Rs. 12,000

Compute income from house property.

28. Compute the taxable capital gain for the previous year 2019-20 from the following information of Mr. Kamal.

(a) Cost of acquisition of residential house in 2012-13	... Rs. 3,48,000
(b) Sale consideration on 1st June 2019	... Rs. 16,00,000
(c) Cost of acquisition of new house on 30th July 2019	... Rs. 3,00,000

Cost Inflation Index in 2012-13 and 2019-20 were 200 and 289 respectively.

(4 × 8 = 32 marks)

#### Section D (Essay Questions)

*Answer any one question.*

*The question carries 18 marks.*

29. Explain the various deductions allowable from Gross Total Income.

**Turn over**