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M – 1694

Reg. No. :

Name :

Fifth Semester B.Com. Degree Examination, December 2021

First Degree Programme under CBCSS

Core Course

CO 1541/CC 1541 : FUNDAMENTALS OF INCOME TAX

(Common for Commerce/Commerce with Computer Application)

(2018 and 2019 Admission)

Time : 3 Hours

Max. Marks : 80

SECTION – A

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

1. Define assessment year.
2. What is CBDT?
3. What is Annual accretion?
4. What do you mean by dearness pay?
5. Who is an assessee in default?
6. What do you mean by perquisites?
7. What is unabsorbed depreciation?

P.T.O.

8. What is capital asset?
9. What is meant by casual income?
10. Who are eligible for deduction under section 80 GG?

(10 × 1 = 10 Marks)

SECTION – B

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

11. What do you mean by Profit in lieu of salary?
12. What is meant by tax free salary?
13. What is maximum marginal rate?
14. What is unrecognized provident fund?
15. What are the fully exempted allowances?
16. What is Composite rent?
17. Differentiate capital receipts and revenue receipts.
18. How do you determine Annual Value?
19. Describe incidence of tax liability of a not ordinarily resident.
20. What is the treatment of preliminary expenses for tax purpose?
21. State any four assets which are not considered as capital assets.
22. How is short term capital gain computed?
23. How is cost of bonus share determined?
24. State any four items taxable under the head income from other sources.

25. State the amount of deduction under section 80U.
26. Mr. Kumar was retrenched from service on 28.02.2021 and he received Rs. 8,00,000 as Compensation for the same. However, Compensation as per the industrial Dispute Act 1947 was Rs. 6,50,000. Compute the taxable amount of Compensation.

(8 × 2 = 16 Marks)

SECTION – C

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

27. What are the provisions relating to the exemption on commuted pension?
28. What are the deductions allowable from Annual value under Section 24?
29. What are the deductions from salary under section 16?
30. Describe the section 54 F under capital gains.
31. What are the tax free government securities?
32. What are with limit donations on which 100% deduction is allowed?
33. From the following information, compute the income from house property of Mr. Akshay for the financial year 2021-22

Municipal valuation Rs. 5,00,000 p.a.

Fair rental value Rs. 4,80,000 p.a.

Standard rent Rs. 4,90,000 p.a.

Actual rent receivable Rs. 50,000 per month

Municipal taxes 4%, half of which is paid by Mr. Akshay and other half is paid by the tenant. Unrealised rent admissible Rs. 90,000. Interest on loan taken for construction of the house is Rs. 10,000.

34. A company has provided a residential accommodation to an employee. From the following information, find out the value of perquisite of accommodation

Fair rental value of the house (annual) Rs. 80,000

Salary Rs. 7,20,000

(a) The house is situated in a city where population is 15 lakhs

(b) The house is situated in a city having population less than 10 lakhs.

35. Mr. Anand left India for the first time on 10.10.2016 and came back on 31.07.2019. He again left for Germany on 5.07.2020 and came back on 4.03.2021 to settle India. Determine residential status of Mr. Anand for the previous year 2020-21.

36. Mr. Subair purchased a land on 15.07.2001 for Rs. 8,00,000. The land was sold by him on 11.08.2020 for Rs. 40,00,000. Expenses on sale were 3% of the transfer price. Compute the taxable LTCG. (CII:2001-02 =100, 2020-21 = 301).

37. Jelly Ltd. used the following fixed assets in its business for the assessment year 2021-22

(a) Factory building W.D.V on 1.5.2020 Rs. 5,00,000

Additions during the year (completed on 1.11.2020) Rs. 2,00,000

Rate of depreciation -10%

(b) Furniture and fittings W.D.V on 1.6.2020 Rs. 3,00,000

Rate of depreciation -10%

Compute the total amount of depreciation.

38. From the following information compute income from other sources of Mr. Raman

(a) He received interest on deposits from cooperative bank Rs. 20,000

(b) Dividend from a co-operative society Rs. 40,000 (Gross)

(c) Received winnings from lottery Rs. 35,000

- (d) Received dividend from a foreign company Rs. 10,000
- (e) Income from agriculture in England Rs. 1,50,000
- (f) Received honorarium for delivering lectures in a registered society Rs. 4,000.

(6 × 4 = 24 Marks)

SECTION – D

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

- 39. Explain any ten exempted incomes under section 10.
- 40. Explain the expressly allowed deductions from the business income.
- 41. Explain the residential status of an Individual.
- 42. The following are the information regarding the income of Mr. Rakesh who is an employee of a private company in Cochin for the previous year 2020-21
 - (a) Salary Rs. 3,50,000
 - (b) DA (as per terms of employment) Rs. 90,000
 - (c) Bonus Rs. 25,000
 - (d) Entertainment allowance Rs. 9,000
 - (e) Travelling allowance for official tours Rs. 12,000
 - (f) Interest free loan granted by the employer Rs. 10,000
 - (g) HRA Rs. 12,000 (he resides in his house)
 - (h) Children Education allowance Rs. 4,800 (Rs. 200 for each child)
 - (i) Life insurance premium of Mr. Rakesh paid by the employer Rs. 4,000

- (j) Group insurance premium paid by the employer Rs. 2,400
- (k) The company provided him a large car with chauffer whose salary Rs. 7,200 per month.

The car was used for both official and personal purposes

Compute his taxable salary for the A.Y. 2021-22.

43. From the following Profit and Loss account of Mr. Habeeb, compute taxable income from business and Gross total Income for the assessment year 2021-22

	Amount (Rs.)		Amount (Rs.)
Salaries	25,000	Gross profit	75,000
Bad debts	15,000	Dividends	18,000
Establishment charges	6,400	Rent from property	12,000
Fire and insurance premium of factory	3,000		
Advertisement	2,900		
Local charges (house property)	600		
Discount	1,000		
Postage	500		
Bad debts reserve	2,000		
Provision for income tax	2,000		
Trade expenses	4,000		
Repairs of house property	3,000		
Audit fees	600		
House hold expenses	2,000		
Life insurance premium	4,000		
Net profit	33,000		
	1,05,000		1,05,000

44. From the following information Compute tax liability of Mr. Jacob from the following information for the A.Y 2021-22

Income from house property Rs. 2,00,000

Dividend received on 1.03.2021 Rs. 5,000

Interest on govt. securities Rs. 40,000

Agricultural income from India Rs. 20,000

Amount withdrawn from public PF Rs. 3,000

Deposited in PPF Rs. 20,000

Current year depreciation Rs. 9,000

Subscription to eligible issue of capital Rs. 10,000

(2 × 15 = 30 Marks)
