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Reg. No. :

Name :

Fifth Semester B.Com. Degree Examination, December 2022

First Degree Programme under CBCSS

Core Course

CO 1541/CC 1542 : FUNDAMENTALS OF INCOME TAX

(2014 – 2017 Admission)

(Common for Commerce/Commerce with Computer Application)

Time : 3 Hours

Max. Marks : 80

SECTION – A

Answer **all** questions in **one** or **two** sentences. Each question carries **1** mark.

1. What is previous year?
2. Who is a 'deemed assessee'?
3. Give full form of CBDT.
4. What is fair rent?
5. What is business?
6. Define unabsorbed depreciation.
7. What is a short-term capital asset?
8. What is 'slump sale'?

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9. What is casual income?
10. How would you compute the capital gain arising from the sale of bonus shares?

(10 × 1 = 10 Marks)

SECTION – B

Answer any **eight** questions in not exceeding one paragraph each. Each question carries **2** marks.

11. What is salary? Write any three components of salary.
12. What is partly agricultural income? Give one example.
13. What is House Rent Allowance?
14. What are perquisites?
15. While computing the Annual value of a let-out house, which remains vacant during a part of the previous year and there is unrealized rent. What are the deductions allowable?
16. What are the provisions related to the set off and carry forward of losses of speculation business?
17. What is meant by Block of Assets?
18. When and how will you gross up interest on securities?
19. What do you mean by accelerated assessment?
20. Briefly explain the concept of cost of acquisition?
21. List out the gifts that are not taxable under the Income Tax Act.
22. What is composite rent?

(8 × 2 = 16 Marks)

SECTION – C

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

23. Differentiate between Statutory Provident Fund and Recognised Provident Fund.
24. What do you understand by profit in lieu of salary?
25. Briefly explain the different types of securities.
26. What do you mean by transfer of capital asset?
27. Write a brief note on the concepts clubbing of income and deemed income.
28. Mr. John left India for the first time on 15th September 2016 and came back on 1-9-2019. He again left for Dubai on 15-06-2020 and came back on 14-02-2021 to settle in India, Determine his residential status for the Assessment year 2021-2022.
29. Mr. Ram a bank manager gets ₹ 18,000 pm as salary and DA at 10% of salary. He is getting entertainment allowance of ₹ 8,000 p.a. During the previous year ended 31-03-2021 he received a bonus of three month's salary. He is also a rent-free house (unfurnished) in a town (whose population is less than 4 lakhs), whose fair rental value is ₹ 5,000 pm. Find out his income under the head salaries for the assessment year 2021-22.
30. Compute the annual value of the house from the information given below :
 - (a) Two third portion of the house is self-occupied
 - (b) One third portion of the house let out for ₹ 10,000
 - (c) During the previous year, the let-out portion remained vacant for three months and the tenant did not pay the rent for one month and condition for recovering unrealized rent was not taken by the land lord.
 - (d) Municipal value ₹ 2,40,000
 - (e) Municipal tax paid ₹ 72,000

31. Compute income from other sources of Mr. Ahamed tar the Assessment year 2021-2022 :
- (a) As a director of a company he received ₹ 26,000 as directors fee
 - (b) He received interest on deposits done in the cooperative society ₹ 4,000
 - (c) Received dividends from a foreign company ₹ 12,000
 - (d) Income from agriculture in England ₹ 1,56,000
 - (e) Received honorarium for delivering lectures in a registered society ₹ 2400
 - (f) Received from winnings from lottery ₹ 21,000

(6 × 4 = 24 Marks)

SECTION – D

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

32. Mr. Prasanna is an officer in a public sector undertaking in Bengaluru occupying unfurnished quarters provided by his employer. 10% off his basic salary is deducted towards the rent of the quarter. His basic salary per month was ₹ 15,100. The employer contributes 10% of basic salary towards provident fund and Prasanna contributes an equal amount.

Mr. Prasanna has a flat in the city with an annual value of ₹ 4800 for which half yearly municipal tax was ₹ 480 (both halt yearly paid). The loan he has taken towards the cost of the house is partly outstanding and the year's interest was ₹ 5,600. Mr. Prasanna had a tenant who was paying a rent of ₹ 1200 per month.

From the above information compute the Gross total income of Mr. Prasanna

33. Gupta and Mehta, chartered accountant give you the following income and expenditure a/c for the previous year. Compute their income from profession :

	₹		₹
Drawings	9,000	Audit fees	36,000
Office rent	3,000	Financial consultancy service	27,000
Telephone installation	12,000	Dividends	3,000
Electricity bills	1,800	Dividends from UTI	1,500
Salary of staff	9,000	Accountancy work	6,000
Charities	300		
Gift to relatives	8,400		
Scooter expenses	1,500		
Subscription for journals	750		
Institute fees	300		
Stipends to trainees	1,800		
Net income	25,650		
Total	73,500	Total	73,500

Allowable depreciation during the year amount to ₹ 750 only.

34. Mrs. Fathima provides you the following information relating to the sale of her only residential house. Calculate her capital gain for the assessment year 2021-2022.

Sold house in September 2020 for ₹ 50,00,000

Expenditure incurred in connection with the transfer ₹ 25,000

House purchased in January 1987 ₹ 2,40,000

Fair market value as on 1st May 2001 ₹ 4,20,000

Purchased another house in January 2021 ₹ 10,50,000

Invested in the bond issued by NHA u/s 54 EC in Jan 2021 ₹ 8,50,000

The cost inflation index in 2001-2002 was 100 and for 2020-2021 is 301.

35. Mr. Jacob is now working in a private company at Calicut. From the following particulars :

Calculate his income from salary for the assessment year 2021-2022.

- (a) Salary ₹ 10,000 p.m
- (b) DA @ 10% of salary
- (c) A car with an engine capacity of 1.5 liters (small car) is provided by the employer. All expenses related to the car including driver's salary is met by the employer. The car is used for both personal and official purpose.
- (d) He is also getting an amount of ₹ 2000 pm as house rent allowance and he pays a rent of ₹ 1, 500 pm
- (e) He paid ₹ 1,200 as professional tax for the last financial year.
- (f) City compensatory allowance ₹ 700 pm
- (g) He is contributing ₹ 1,500 pm towards the recognised provident fund. The employer is also contributing the same amount.

(2 × 15 = 30 Marks)
