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Reg. No. :

Name :

Fifth Semester B.Com. Degree Examination, December 2022

Career Related First Degree Programme under CBCSS

Group 2(b) – Commerce with Computer Applications

Core Course

CC 1544 : INCOME TAX LAW AND PRACTICE – I

(2013 Admission)

Time : 3 Hours

Max. Marks : 80

SECTION – A

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

1. What is meant by Gross Total Income?
2. Define 'previous year' under Income Tax Act.
3. When a Association of Persons' is said to be a resident in India?
4. Write examples for 'profit in lieu of salary'.
5. Who is a specified category employee?
6. Write any four income from house property, exempt from tax.
7. What is Profession as per Income Tax Act?
8. What is written down value, for calculation of depreciation allowance?
9. Write any two perquisites taxable in the case of all employees.
10. What is meant by capital gain?

(10 × 1 = 10 Marks)

P.T.O.

SECTION – B

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

11. Mr. Sam came to India first time during the P.Y. 2021–22. During the previous year, he stayed in India for 183 days. Determine his residential status for the AY. 2022–23.
12. Mr. X, a resident of Ajmer, receives Rs. 48,000 as basic salary during the previous year 2021-22. In addition, he gets Rs. 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 Rs. 86,000) and Rs. 6,000 as house rent allowance. He, however, pays Rs. 5,800 as house rent. Determine the quantum of exempted house rent allowance.
13. Determine taxable perquisite. Miss. Shradha received a wrist-watch of Rs. 3,000 on 17.7.2021 and a golden chain worth Rs. 12,000 on 18/8/2021 from her employer Mr. Raju.
14. Calculate Gross Annual Value for the following house properties (Rs. in 000)

Particulars	H1
Gross Municipal value for the whole year	120
Fair rent for the whole year	105
Standard rent (for whole year)	NA
Actual rent receivable	100
Period of the previous year (in months)	12

15. Define the term salary under Income tax law.
16. Which Casual incomes are chargeable to tax under the head 'income from other sources'?
17. What is the difference between Diversion of income and Application of income?

18. What are the conditions for taxing the Annual value of the property under the head Income from house property?
19. Write any two incomes, though in the nature of profits and gains of business or profession, not be taxable under the head 'Profits and Gains of Business Or Profession'.
20. What are the conditions for claiming depreciation?
21. What is meant by Capital asset?
22. Which amounts shall not be deducted in computing income chargeable under the head Income from other Sources, In the case of any assessee?
(8 × 2 = 16 Marks)

SECTION – C

Answer any **six** questions in about 120 words each. Each question carries **4** marks.

23. Which are the different types of Income Under Income Tax Act?
24. X came India for first time on July 24, 2017. From July 24, 2017 to December 25, 2018 he was in India. Again, he came to India on August 5, 2021 for employment purpose and left India on November 25, 2021 permanently. Determine his residential status for the previous year 2021–22 assuming he is a foreign citizen.
25. Mr. Chauhan has the following salary structure :
 - (a) Basic Salary Rs. 5,000 p.m.
 - (b) Entertainment Allowance Rs. 1,000 p.m.
 - (c) Education Allowance Rs, 500 p.m. (he has three children)
 - (d) DA Ps. 3000 p.m.
 - (e) Fees Rs. 5,000 pa.
 - (f) Bonus Rs. 10,000 pa.

- (g) Professional tax of employee paid by employer Rs. 2000 for the year
- (h) He has been provided a rent-free accommodation in Mumbai
- (i) 60% of DA only forms part of retirement benefits . Compute taxable value of accommodation in the hands of Mr. Chauhan. The employer owns the accommodation.

26. Sri Bhagawan, has been provided with the following servants by his employer :

Servant	Appointed by	Salary of Servant
Watchman	Employer	2,000 p.m
Cook	Employee's wife	3,000 p.m
Maid servant	Employer	1,000 p.m
Sweeper	Employer	500 p.m

Sri Bhagawan has also been provided a rent-free accommodation which is owned by the employer. Find taxable value of servant facility if he is a specified employee.

27. Find out the gross annual value in the following cases for the At 2022-23

Particulars	H1
Situated at	
Municipal value p.a.	60,000
Fair rent p.a.	70,000
Standard rent under the Rent Control Act p.a.	80,000
Actual rent p.m. :	
From April 1, 2021 to July 31, 2021	5,000
From October 1, 2021 to February, 2022	9,000

For the remaining period property was vacant.

28. Which are the different types of incomes taxable under the head Profits & gains of business or profession?
29. What are the conditions relating to allowing expenditures as deduction, while computing of incomes taxable under the head Profits and gains of business or profession.
30. How taxable short term capital gain is computed ?
31. Which transactions are not regarded as transfer?

(6 × 4 = 24 Marks)

SECTION – D

Answer any **two** questions in not exceeding **4** pages each. Each question carries **15** marks.

32. Which are the various incomes exempt from tax?
33. During the previous year 2021-22, Profit and Loss Account of Shri Raj, proprietor of Raj Enterprises engaged in the business of readymade garments, shows profits of Rs. 1,50,000. With the following information, compute his taxable income from business :
- (a) Interest on capital Rs. 5,000
 - (b) Purchases include goods of Rs. 12,000 from his younger brother in each. However, market value of such goods is Rs. 9,000
 - (c) Interest paid outside India Rs. 1,00,000 without deducting tax at source
 - (d) Penalty paid to Government for non-filing of GST return Rs. 5,000
 - (e) Penalty paid to customer for non-fulfilling of order within time Rs. 10,000
 - (f) Bad debts Rs. 1,00,000. Money has been advanced for purchase of Building
 - (g) Revenue expenditure on promoting family planning among employees Rs. 10,000
 - (h) Premium paid on health of employees Rs. 6,000 in cash

- (i) Premium paid on health of his relatives Rs. 6,000 in cheque
- (j) Employer's contribution to RPF Rs. 12,000, One-half of the amount is paid after due date as per relevant Act but before 31.3.2022.
- (k) Employees contribution to RPF Rs. 10,000. 1/2 of the amount is paid after due date as per relevant Act
- (l) Interest on late payment of professional tax Rs. 1,000 (yet to be paid)
- (m) Interest on loan from State Bank of India Rs. 10,000 (Rs. 5,000 is not paid till due date of filling of return)
- (n) Interest on late refund from income tax department Rs. 500
- (o) Sale includes sale to Raj Rs. 10,000 (cost of such goods Rs. 8,000; Market value of such goods Rs. 12,000)
- (p) He received Rs. 80,000 from a debtor at a time in cash
- (q) Recovery of bad debt Rs. 10,000 (out of which Rs. 8,000 was allowed as deduction during A.Y.2017-18)
- (r) Depreciation (being not debited in accounts) Rs. 20,000 allowed as deduction u/s 32.

34. Mr. Rajesh owns two house properties both of which are let out. Compute his income from the following details :

Particulars	H1	H2
Situated at	Gaya	Mumbai
Gross Municipal value	1,00,000	2,00,000
Fair rent	95,000	2,10,000
Standard rent	90000	200,000
Actual rent receivable	1,03,000	1,80,000

Particulars	H1	H2
Unrealised rent of current year	8,000	2,000
Municipal tax	10%	1,000
Fire insurance	2,000	1,200
Repairs	Nil	2,000
Interest on loan for construction (@ 12%)	10,000	Nil

Other Information :

- (a) Loan taken for construction is still unpaid
- (b) Municipal tax of H1 is still unpaid, while, that of H2 is half paid by tenant.

35. Mr. Mugal joined Star Lid. on 1.4.2021. Details regarding his salary are as follows:

Particulars	Amount
Basic	5,000 p.m.
Dearness Allowance	2,000 p.m. (50% considered for retirement benefit)
Education Allowance	1,000 p.m. (he has 1 son and 3 daughters)
Hostel Allowance	2,000 p.m. (none of the children is sent to hostel)
Medical Allowance	1,000 p.m. (total medical expenditure incurred Rs. 3,000)
Transport Allowance	1,800 p.m. (being used for office to residence and vice versa)
Servant Allowance	1,000 p.m.

Particulars	Amount
City compensatory Allowance	2,000 p.m.
Entertainment Allowance	1,000 p.m.
Assistants Allowance	3,000 p.m. (paid to assistant Rs. 2,000 p.m.)
Professional Development Allowance	2,000 p.m. (actual expenses for the purpose Rs. 8000 p.m.)
Bonus	24,000 p.a.
Commission	9,000 p.a.
Fees	5,000 p.a.

Compute his gross taxable salary for the assessment year 2022-23.

(2 × 15 = 30 Marks)
