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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 1541 – FUNDAMENTALS OF INCOME TAX**

**(2018 Admission onwards)**

**(Common for Commerce/Commerce with Computer Application)**

Time : 3 Hours

Max. Marks : 80

**SECTION – A**

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

1. Define previous year.
2. Who is representative assessee?
3. In which previous year income of a person leaving India will be taxed?
4. What is meant by unrealized rent?
5. What is unrecognized fund?
6. What is meant by gratuity?
7. What is Annual value?
8. What is clubbing of income?
9. What is meant by capital gain?
10. Who can claim deduction under section 80D?

**(10 × 1 = 10 Marks)**

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## SECTION – B

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

11. What is provident fund?
12. Distinguish between direct tax and indirect tax
13. What is the scope of income of an ordinarily resident?
14. What is meant by gross annual value?
15. What do you mean by capital expenditure and revenue expenditure?
16. What do you mean by gross total income?
17. How do you determine residential status of a company?
18. Who is a Deemed Resident?
19. State any five disallowed expenses in computing business income.
20. What is 'transfer' for the purpose of capital gains?
21. How is long term capital gain computed?
22. What is meant by indexation?
23. What is the taxability of family pension?
24. State any five exempted incomes under section 10.
25. What is meant by bond washing transaction?
26. During the year 2020-21, Mr. Ramesh, a bank employee at Calicut received basic salary Rs. 60,000, DA Rs. 24,000 and HRA Rs. 7,000. However, the actual rent paid by the employee is Rs. 12,000. Compute the taxable HRA.

**(8 × 2 = 16 Marks)**

## SECTION – C

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

27. Which are the incomes from house property fully exempt from tax?
28. How do you compute exemption given under encashment of earned leave?
29. What are the deductions allowable in computing income from other sources?
30. Explain the situations where income of one person is treated as income of another?
31. How do you compute exemption given under gratuity?
32. Describe the residential status of HUF.
33. Briefly describe Section 80D regarding deduction to be allowed from total income?
34. From the following information, compute the income from house property of Mrs. Arya for the financial year 2020-21 :  
Municipal valuation Rs. 3,00,000 p.a.  
Fair rental value Rs. 2,80,000 p.a.  
Standard rent Rs. 2,60,000 p.a.  
Municipal taxes paid by the tenant Rs. 20,000.  
The house was self occupied for 4 months and let out at the rate of Rs. 40,000 per month, for the remaining 9 months. The assessee paid Rs. 18,000 interest during the year 2020-21, on a loan taken for the construction of the house.
35. Mr. Suresh, a citizen of India went to France for higher studies on 31<sup>st</sup> March, 2019 and came back to India on 15<sup>th</sup> August 2020. Determine his residential status for the A.Y. 2021-22.
36. Mr. Sreedhar purchased a land on 2.08.2001 for Rs.5,00,000. The land was sold by him on 17.09.2020 for Rs. 30,00,000. Expenses on sale were 2% of the transfer price. Compute the taxable LTCG. (CII : 2001-02 = 100, 2020-21 = 301).

37. XYZ Ltd. used the following fixed assets in its business for the assessment year 2021-22 :
- (a) Factory building W.D.V on 1-4-2020 Rs. 6,00,000  
Additions during the year (completed on 1-12-2020) Rs. 3,00,000  
Rate of depreciation - 10%
  - (b) Furniture and fittings W.D.V. on 1-4-2020 Rs. 2,00,000  
Rate of depreciation -10%
- Compute the total amount of depreciation.
38. From the following information compute income from other sources of Mr. Raghu :
- (a) As a director of a company he received directors fee Rs. 50,000.
  - (b) He received interest on deposits from cooperative bank Rs. 8,000.
  - (c) Received winnings from lottery Rs. 10,500.
  - (d) Received dividend from a foreign company Rs. 12,000.
  - (e) Income from agriculture in England Rs. 1,00,000.
  - (f) Received honorarium for delivering lectures in a registered society Rs. 3,000.

**(6 × 4 = 24 Marks)**

#### SECTION – D

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

- 39. Explain the calculation of the value of rent free house under the head salaries.
- 40. What are the different kinds of Provident Funds? Explain the provisions of Income Tax Act regarding these?
- 41. Explain the exempted capital gains under section 54.

42. Mr. Gogul, a manager in A One Ltd. in Mumbai. His monthly emoluments were as follows :

- (a) Salary Rs. 50,000
- (b) D.A. Rs. 8,000
- (c) Travelling allowance for official tours Rs. 4,000
- (d) Entertainment allowance Rs. 2,000
- (e) City compensatory allowance Rs. 3,000
- (f) Employer's contribution to PF (recognized) Rs. 50,000
- (g) PF contribution by Mr. Gogul Rs. 36,000
- (h) Deputation allowance Rs. 5,000
- (i) Festival allowance Rs. 1,000
- (j) Large car with chauffer whose salary Rs. 9,000 per month

During the previous year he paid employment tax Rs. 1,500 to the Mumbai Municipal Corporation.

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

43. From the following Profit and Loss Account of Mr. Unnikrishnan, compute income from business as well as his total income for the assessment year 2021-22 :

	Amount (Rs.)		Amount (Rs.)
Salaries and wages	35,000	Gross profit	97,000
Bad debts	5,000	Dividends	20,000
Rent, rates and taxes	6,400	Rent from property	10,000
Fire and insurance premium of factory	3,000		
Advertisement	1,900		
Charities	600		
Discount	2,500		
Postage	500		
Donations	2,000		
Income tax	6,000		
Loss of stock	4,000		

	Amount (Rs.)	Amount (Rs.)
Repairs of house property	1,000	
Audit fees	600	
House hold expenses	10,000	
Life insurance premium	4,000	
Net profit	44,500	
	<u>1,27,000</u>	<u>1,27,000</u>

44. Compute tax liability of Mrs. Reshmi from the following information for the A.Y. 2021-22 :

- (a) Profit from business Rs. 50,000
- (b) Share of profit from a firm Rs. 5,000
- (c) Income from house property Rs. 2,10,000
- (d) Interest on Govt. Securities Rs. 40,000
- (e) Agricultural income from India Rs. 30,000
- (f) Amount withdrawn from Public PF Rs. 3,000
- (g) Purchased NSC VII issue Rs. 10,000
- (h) Deposited in PPF Rs. 20,000

**(2 × 15 = 30 Marks)**