

- Interest on fixed deposit in a bank in the name of her minor son Rs.5,500 (Gross)
- She paid a premium of Rs.18,000 on a policy of Rs.1,40,000 on life of her minor child and Rs.10,000 for own medical insurance.

Compute total income and tax liability

18. Explain different types of assessment under Income Tax Act.

(2 x 5 = 10 Weightage)

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**19P349**

(Pages: 4)

Name.....

Reg. No.....

**THIRD SEMESTER M.Com. DEGREE EXAMINATION, NOVEMBER 2020**

(CUCSS-PG)

**CC19P MCM3 C12 - INCOME TAX: LAW, PRACTICE AND TAX PLANNING I**

(Commerce)

(2019 Admission Regular)

Time: Three Hours

Maximum: 30 Weightage

**Part – A**

Answer any *four* questions. Each question carries 2 weightage.

1. What is Best judgement Assessment?
2. Mention the situations where PAN is not necessary.
3. Differentiate tax avoidance and tax evasion
4. What is AMT?
5. Define rebate u/s 87 A
6. What is a perquisite?
7. Mr. X retired from service on 31.03.2019 and started getting pension Rs.30,000 monthly. On 1.1.2020 Mr. X commuted 1/4th of pension and received Rs.7, 00,000. Calculate taxable pension for the assessment Year 2020-21 if the assessee has not been covered by gratuity act at the time of retirement

(4 x 2 = 8 Weightage)

**Part – B**

Answer any *four* questions. Each question carries 3 weightage.

8. Compute gross salary from the given information
  - a) Salary at Rs.14000 p.m.
  - b) DA at 4000pm, DA enters into pay for service benefits
  - c) CCA at Rs.800 p.m.
  - d) HRA at Rs. 4000 p.m.
  - e) Commission on turnover achieved by him is Rs. 24000
  - f) Living in a rented house at Delhi and rent paid is Rs.6000pm
9. Profit and loss account of M/s Shivaji Traders shows at a net profit of Rs.1,00,00 after debiting the amount withdrawn for personal expenses Rs.10,000. Life insurance premium Rs.15,000, income tax Rs.22,000, expenses relating to income tax proceedings Rs.15,000 and municipal tax relating to the self-occupied property Rs.1,400. Compute taxable income under the head Profits from business.

(1)

**Turn Over**

10. Explain deductions under section 80 G

11. Compute income of Sriram for the assessment year 2020-2021

a) Pension (gross)	Rs.1,10,000
b) Rent from house property	Rs.20,000
c) Winnings from lotteries	Rs.1,00,000
d) Profit from cloth business	Rs.48,000
e) Loss from agency business	Rs.1,50,000
f) Speculation business income	Rs.200,000
g) Short term capital loss	Rs.50,000
h) Interest on securities	Rs.12,000

The following losses have been B/F from the preceeding year:

a) Loss from discontinued business	Rs.18,000
b) Speculation loss	Rs.20,000
c) Long term capital loss	Rs.10,000

12. Explain different types of returns filed under Income Tax Act.

13. The following details of income have been supplied by Karta of HUF. You are required to compute the total income

a) Profit from business	Rs.4,32,000
b) Director's fee received by Karta	Rs.6000
c) Salary received by a member of HUF	Rs.8000
d) Rental value of property let out	Rs.12000
e) Municipal tax paid	Rs.600
f) Bank interest on savings account	Rs.500
g) Long term capital gain from the transfer of building	Rs.1,09,500
h) Profit from a firm (1/4 share)	Rs.10000

14. Mr. X provides following information regarding the sale of his residential house.

a) House purchased in 2002-2003	Rs. 5,00,000
b) Sold in January 2020	Rs. 50,00,000
c) Purchased another residential house in February 2020	Rs. 10,00,000
d) Invested in bonds of Rural Electrification Corporation Limited in March 2020	Rs. 15,00,000
e) Invested in bonds of NHAI in March 2020	Rs. 5,00,000. Compute the amount of capital gain to be included in the total income for the previous year 2019-2020.

CII-2002-03= 105, 2019-2020= 289.

### Part - C

Answer any *two* questions. Each question carries 5 weightage.

15. a) Write a note on agricultural income.

b) The following particulars are submitted by Dr. Amal, aged 63 years for the assessment year 2020-21. You are required to compute his gross tax liability.

• Income from house property (computed)	Rs.78,000
• Agricultural Income	Rs.15,000
• Long-Term Capital Gains	Rs.20,000
• Lottery winnings from Tamil Nadu State	Rs.50,000
• Life Insurance Premium paid	Rs.5,000
• Casual income from T.V game show	Rs.14,000
• Business Income	Rs.6,00,000.

16. Explain the provisions regarding set off and carry forward and clubbing of income under Income Tax Act.

17. Ms. Bhavani (56 years) is a resident individual retired from ACC Ltd. As on 31<sup>st</sup> January 2020 after 20 years and months of service. She joined BCC Ltd. Next day. She gives you the following information

- a) Salary and allowance from 1.04.2019 to 31.01.2020 from ACC Ltd. Basic Salary per month Rs.20,000, dearness Allowance per month Rs.2,000, commission @4% of turnover of Rs. 4,00,000 (achieved during 10 months before retirement). Gratuity received (not covered under Gratuity Act, 1972) Rs.3,85,000
- b) Salary and allowances from BCC Ltd. Basic salary per month Rs.31,000, Entertainment Allowances per month Rs.1,200, fixed medical allowances per month Rs.2,000, HRA Rs.1,000 per month

Other information

- She resided in own house on which municipal tax of Rs.5,000 and interest on loan Rs.2,60,000 taken in 2004 were paid during the year.
- She is a partner in a firm from which she received a share of profit of rs.50,000 during the year.
- She incurred a loss of Rs.4,820 during the year from a speculation business.
- She received Rs.2,500 as interest on Post Office Savings Bank Account and Rs.51,500 as dividend from a company in England.

(4 x 3 = 12 Weightage)

(3)

Turn Over