

He also supplied the following details:

- a) Fixed deposit interest – Rs.2000
- b) Rent received Rs.1,50,000 from a house at Mumbai
- c) Interest on Government securities- Rs.14,000

Compute the Total Income.

31. What are the nontaxable incomes under section 10 of Income Tax Act? Explain.

(2 x 15 = 30 Marks)

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(Pages: 4)

Name: .....

Reg. No.....

THIRD SEMESTER B.Com. Professional DEGREE EXAMINATION, NOVEMBER 2018

(CUCBCSS-UG)

CC17U BCP3 B02 - INCOME TAX LAW AND PRACTICE

(2017 Admission)

Time: Three Hours

Maximum: 80 Marks

**PART A**

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

I. Choose the correct answer:

1. Tax free income from the following is :
  - a) Agricultural income
  - b) Foreign allowance
  - c) Dividend from Indian company
  - d) All of these
2. Education allowance is exempted for :
  - a) One person
  - b) Four persons
  - c) Two persons
  - d) None of these
3. The HRA paid to an employee residing in Kolkata is exempt up to the lower of actual HRA, excess of rent paid over 10% of salary or :
  - a) 40% of salary
  - b) 50% of salary
  - c) 60% of salary
  - d) 75% of salary
4. The maximum amount of deduction as entertainment allowance to government employee is :
  - a) 5,000
  - b) 7,500
  - c) 1/5<sup>th</sup> of salary
  - d) None of these
5. In income tax, depreciation is charged on
  - a) Book value
  - b) Cost price
  - c) Market value
  - d) Written down value

II. Fill in the blanks:

6. The base of computation of Income from house property is \_\_\_\_\_.
7. Interest on capital paid by the firm to its partners is allowed up to \_\_\_\_\_.
8. For Capital Gain being a Long Term Capital Gain, an assessee should retain an asset for a period of \_\_\_\_\_ months.
9. Salary of MP will be treated under the head, \_\_\_\_\_.
10. Loss from speculation business can be set off from \_\_\_\_\_.

(10 x 1 = 10 Marks)

**PART B**

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

11. What is surcharge?
12. Define Annual Value under the head 'Income from House Property'.

13. What do you mean by clubbing of income?  
 14. What is unrealized rent?  
 15. What do you mean by Book Profit?  
 16. What is belated return?  
 17. Who is a deemed assessee?  
 18. What is PAN?  
 19. What do you mean by Assessment year?  
 20. What do you mean by Long Term Capital Assets?

(8 x 2 = 16 Marks)

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

21. Distinguish between tax planning and tax avoidance.  
 22. What are the deductions allowable from Annual Value under the head income from house property?  
 23. What are the deductions available to government employees under the head 'income from salary'?  
 24. Briefly explain the deductions available under section 54.  
 25. Mr.Gokul sells his only residential House Agra on 24<sup>th</sup> August 2017 for Rs.55,00,000 and incurred an expenditure of 1,00,000 in connection with the transfer. Cost of acquisition of the house for him in 1998 was 1,80,000 and on 1<sup>st</sup> April 2001 , the fair market value was Rs.4,00,000. On 16<sup>th</sup> January ,2018 he deposits Rs.8,00,000 in the capital gain account scheme. Compute the taxable capital gain for the AY 2018-19. The CII for 2001-02 was 100 and 2018-19 it is 272.  
 26. Mr. Arun resides in Kanpur. He gets a basic salary of Rs.1,00,000 ,Dearness Pay 1,00,000 and House Rent Allowance of Rs. 75,000 per annum. He pays a rent of Rs.90,000 per annum. Determine the amount of taxable HRA.  
 27. Compute income from let out house property owned by Mr.S.

Gross annual value	–	1,00,000
Fair rent	–	95,000
Standard rent	–	90,000
Actual rent receivable	–	1,00,000
Unrealized rent of current year	–	8,000
Municipal tax	–	10% of municipal value
Interest on loan taken for construction	–	10,000

(2)

28. From the following particulars , find out the 'income from other sources':

Interest on listed securities-(Net)	–	9,000
Dividend from foreign company (Gross)	–	16,000
Winning from horse race (Net)	–	17,780
Interest on debentures of local authority (Gross)	–	7,200
Interest on Post Office Savings Bank	–	1,500

(6 x 4 = 24 Marks)

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

29. Mr.Sanjay provides the following details from his business books for the Assessment Year 2018-19.

- a) Net profit after charging the following- 72,000  
 b) Provision for discount on debtors- 42,000  
 c) Provision for depreciation- 31,000  
 d) Household expenses-48,000  
 e) Donation ( approved) – 70,000  
 f) Computer purchased for scientific research – 20,000  
 g) Audit fees – 25,000  
 h) Bank interest on Fixed Deposit – 7,000  
 i) Interest on UTI units- 3,000  
 j) Patents purchased during the year- 75,000

Compute the Business Income.

30. Mr. Sojan has the following salary structure:

Basic salary	-	Rs.8,000	p m
Dearness allowance	-	Rs.1,000	p m
Entertainment allowance	-	Rs.5,00	p m
Children education allowance (for 3 children)	-	Rs.1,000	p m
Contribution to RPF by his employer	-	Rs.10,000	p a
Own contribution to RPF	-	Rs.10,000	p a

His employer also provides rent free accommodation at Kolkata for which his employer paid Rs.12,000 p m. (Rs.2000 for furniture and Rs.10,000 for accommodation.) However he is charged Rs.1,000 p m for accommodation and Rs.1,000 for furniture.

(3)

**Turn Over**