

18U373

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Name: .....

Reg. No.....

**THIRD SEMESTER B.Com. PROFESSIONAL DEGREE EXAMINATION, NOVEMBER 2019**

(Regular/Supplementary/Improvement)

(CUCBCSS-UG)

**CC17U BCP3 B02 - INCOME TAX LAW AND PRACTICE**

(B.Com. Professional – Core Course)

(2017 Admission onwards)

Time: Three Hours

Maximum: 80 Marks

**PART A**

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

Choose the correct answer.

1. Income from business in foreign country controlled from India is taxable in case of
  - a) Ordinarily resident
  - b) Nonresident
  - c) Not ordinarily resident
  - d) All of these
2. State, which of the following income is exempted from tax:
  - a) Agricultural income in Kolkata
  - b) Partly exempted
  - c) Interest on Government securities
  - d) None of these
3. Deduction in entertainment allowance is availed by
  - a) Govt. servant
  - b) Both a) and c)
  - c) Non-Govt. servant
  - d) None of these
4. Interest credited to recognized provident fund account is exempt up to
  - a) 8%
  - b) 9%
  - c) 9.5%
  - d) 10%
5. Annual value of the vacant house property referred to in Sec.23(2)(b) shall be :
  - a) Municipal value
  - b) Standard rent
  - c) Fair rent
  - d) Nil

Fill in the blanks.

6. The rate of depreciation of furniture is \_\_\_\_\_
7. While calculating business income, disallowed portion of preliminary expenses is \_\_\_\_\_
8. The maximum deduction of interest on loan taken for construction of house given on rent is \_\_\_\_\_
9. Long term capital loss can be set off from \_\_\_\_\_
10. Some of various heads of income is called \_\_\_\_\_

**(10 x 1 = 10 Marks)**

**PART B**

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

11. What is GTI?
12. What do you mean by Annual Accretion?
13. What is Gratuity?
14. Give the names of fully exempted allowances under the head of 'Income from salary'.
15. What is the procedure for the treatment of minor's income?
16. What do you mean by Grossing up of income?
17. What is rebate?
18. What are the deductions allowed from Gross Annual Value under the head 'Income from House Property'?
19. What is tax evasion?
20. What do you mean by MMR?

(8 x 2 = 16 Marks)

**PART C**

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

21. What are the expenses and incomes that are inadmissible while determining the Income from Business?
22. Explain section 80 CCE with an example.
23. What is the income tax treatment of Pension, if :
  - a) The assessee already received Gratuity
  - b) The assessee did not receive the Gratuity.
24. Mr. X holds an agricultural land which was purchased in 2003-04 for ` 50,000 sold for ` 8,00,000 on 1<sup>st</sup> May 2017. The assessee purchased another piece of agricultural land on 01.08.2017 for ` 2,70,000. Find out the capital gain chargeable to tax for the Assessment Year 2018-19. The CII in 2003-04 was 109 and in 2017-18 it was 272.
25. Mr.P gets a salary of ` 3,40,000, ` 24,000 as commission, ` 10,000 as bonus, ` 6000 as uniform allowance (60% utilized for the uniform) and transport allowance ` 22,800. A rent free unfurnished house is provided to him in place where the population is more than 25 lakhs. Determine the perquisite value.
26. Ms. Anitha used her house property for self occupation till 1/9/2018 and let out the same for remaining period for rent of ` 6,000 p m. Municipal Tax paid – ` 5,000 . interest on loan accrued - ` 10,000. Compute her taxable income from house property.
27. From the following particulars, compute the amount of deduction under section 80 C:
  - a) Life Insurance Premium on his life ` 22,000
  - b) Contribution to Unrecognised Provident Fund ` 10,000
  - c) Contribution to Recognised Provident Fund ` 12,000
  - d) Contribution to Public Provident Fund ` 25,000
  - e) Subscription to N.S.C. VIII issue 15,000

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28. Ms. Ambili gives the following particulars from her books of accounts for the year ended 31-03-2019.

Net profit	– 2,00,000
Contribution to unrecognized provident fund	-- 40,000
Provision for income tax	-- 10,000
Provision for excise duty	-- 30,000
Holiday home expenses	-- 35,000
Advertisement expenses	-- 16,000
Compute income from business.	

(6 x 4 = 24 Marks)

**PART D**

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

29. What is the procedure for computing the value of self occupied property as well as let out property under the head 'Income from House Property'? Explain each with an example.
30. Compute taxable income and Gross tax liability of Mr.A from the following particulars:

Gross salary	- 5,00,000
Rent from house property	- 60,000
Interest on bank deposit (after a deduction of tax at source)	- 10,800
Income from horse-race	- 20,000
Long-term capital loss	- 25,000
Short term capital gains	- 40,000
Life insurance premium paid	- 10,000

31. Mr. Anirudh joined Star Ltd on 1/4/2018. Details regarding his salary are as follows:

Basic salary	- ` 5,000 p m
Dearness allowance (50% considered for retirement benefit)	- ` 2,000 p m
Education allowance (He has 3 children)	- ` 1,000 p m
Hostel allowance	- ` 2,000 p m
Medical allowance (Expenditure incurred –Rs.3,000)	- ` 1,000 p m
Transport allowance	- ` 1,800 p m
Servant allowance	- ` 1,000 p m
City Compensatory Allowance	- ` 2,000 p m
Entertainment allowance	- ` 1,000 p m
Bonus	- ` 24,000 p a
Commission	- ` 9,000 p a

Compute his Gross Taxable salary for the Assessment Year 2019-20.

(2 x 15 = 30 Marks)

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