

20U357

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Name:

Reg. No.....

THIRD SEMESTER B.Com. PROFESSIONAL DEGREE EXAMINATION, NOVEMBER 2020

(CUCBCSS-UG)

(Regular/Supplementary/Improvement)

CC17U BCP3 B10 - INCOME TAX LAW AND PRACTICE

(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. Who is Tax Payer?
(a) Assessee (b) Business Man (c) Trust (d) Govt. Employees
2. What are the exemption limit in Hostel expenditure?
(a) Rs.200p.m. (b) Rs.300p.m. (c) Rs.400p.m. (d) Rs.500p.m.
3. Allowance of MP/MLA/MLC are;
(a) Fully exempted (b) Fully taxable (c) Partly exempted (d) None of these
4. Which of the followings is not included in salary income?
(a) Commuted Pension (b) Uncommuted Pension
(c) Family Pension (d) Leave Salary
5. Long-term capital loss can be set off from:
(a) Short-term capital gains (b) Long-term capital gains
(c) Capital gains (d) Any income

Fill in the blanks:

6. Income of a minor child is included in the total income of
7. Income Tax Act was passed in the year
8. Income Tax is a
9. Income Tax Act defines term person as per
10. The year in which income earned is known as

(10 × 1 = 10 Marks)

Part B

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

11. Define Assessment Year.
12. What are perquisites?

(1)

Turn Over

13. What is Tax holiday?
14. Who is a non-resident individual?
15. What is capital assets?
16. Define Block of assets.
17. Write any four items taxable under the head income from other sources.
18. What is Pension?
19. What is Gratuity?
20. State any four taxable allowances.

(8 × 2 = 16 Marks)

Part CAnswer any **six** questions. Each question carries 4 marks.

21. Explain the circumstances where income tax is charged on the previous year itself.
22. How will you treat the gratuity received under the Payment of Gratuity Act?
23. Explain the tax treatment in H.R.A.
24. Mr. David a citizen of the U.K. came to India for the first time on 1-5-2014. He stayed here without any break for 3 years and left for Bangladesh on 1-5-2017. He returned to India on 1-4-2018 and went back to the UK on 1-12-2017. He was posted back to India on 20-01-2021. Determine his residential status for the assessment year 21-2022.
25. From the following information compute the annual value of the house:

Municipal value	:	₹ 1,50,000,	Fair rent	:	₹ 1,80,000
Standard rent	:	₹ 1,60,000,	Actual rent	:	₹ 20,000 p.m.

Municipal tax paid by the owner 20% of M.V.
Unrealised rent ₹ 40000. Conditions of Rule 4 are satisfied.
26. Mr. A purchased a house in Delhi in 2000 for Rs. 1,00,000 and added two rooms and a Verandah in the house at a cost of Rs. 30,000 in 2000. He made improvements in the house and added two bathrooms at a cost of Rs. 2,40,000 in May 2014.
Mr. A sells the house on 1st July, 2020 for Rs. 25,00,000. Find out the capital gains if the fair market value of the house in 1st April 2001 is Rs. 4,00,000. The cost inflation index in 2001-02, 2014-15, and 2020-21 were 100, 240 and 301 respectively.
27. Mr. Prakash retires from private service on 30th April 2020 and his pension has been fixed at Rs.6,000 p.m. He gets half of his pension commuted and gets Rs.3,00,000. He also received Rs.1,50,000 as gratuity. He gets his pension commuted during January 2021. In all cases, pension becomes payable on the 1st day of each month. Calculate the taxable pension.

28. Compute income from other sources from the following information:

Income from agricultural land in Bangladesh	-	Rs.6,000.
Interest on fixed deposits with bank	-	Rs.15,000.
Dividend received from Indian co.	-	Rs.3,580.
Interest on post office savings account (in single name)	-	Rs.6,700.

(6 × 4 = 24 Marks)

Part DAnswer any **two** questions. Each question carries 15 marks.

29. Mr. A has four houses, the municipal valuation of which are ₹. 10000, ₹ 8000, ₹ 6000 and ₹ 6000 respectively. He lives in the first house. In the second house, he runs his business. The third house let out for ₹ 400p.m. A loan was taken on 1st April, 2015 for the construction of the fourth house, the construction of which was began on 1st May, 2015 and ended on 31st January, 2017. The house was let out on 1st February, 2017 @ ₹ 600 p.m. For the previous year 2020-21 the interest paid by him in respect of the loan amounted to ₹ 800 and for the previous year 2015-16 and 2016-17 the interest paid has been ₹ 1500 and ₹ 1400 respectively. Municipal taxes were assessed and paid @ 10% of the municipal valuation. Ascertain his income from house property for the Assessment Year 2021-22.
30. Mr. Kushal submits the following information regarding his salary income which he gets from ABC Ltd. Basic salary Rs.15,000 pm; D.A. 40% of basic salary (forming part of retirement benefits); City Compensatory Allowance Rs.300pm; Children Education Allowance Rs.400pm (for 3 children); Transport allowance Rs.1,000 p.m. Reimbursement of Medical Expenses Rs.25,000. He is also entitled to HRA of Rs.6,000 p.m. from 1.4.2020 to 31.8.2020. He was paying a rent of Rs.7,000 p.m. for a house in Delhi. From 1.9.2009 he was provided with an accommodation by the company for which the company was paying the rent of Rs.5,000 pm. The company charged him Rs.1,000 pm as rent for the accommodation. Compute gross salary for the a.y. 2021-22.
31. Explain how to determine the residential status of a person.

(2 × 15 = 30 Marks)
