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(Pages: 3)

Name: .....

Reg. No: .....

**FIFTH SEMESTER B.Com. DEGREE EXAMINATION, NOVEMBER 2021**

(CUCBCSS-UG)

**CC17U BC5 B09 - INCOME TAX LAW AND ACCOUNTS**

(Commerce – Core Course)

(2017, 2018 Admissions – Supplementary/Improvement)

Time Three Hours

Maximum: 80 Marks

**PART A**

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

Choose the correct answer:

1. Income Tax in India is charged at the rate prescribed by .....
  - a. The Finance Act
  - b. The Income Tax Act
  - c. CBDT
  - d. Ministry of Finance
2. Entertainment allowance received by a non- government employee is .....
  - a. Not taxable
  - b. Fully taxable
  - c. Partially taxable
  - d. None of these
3. Which of the following ratio is exempt from tax?
  - a. Income from house property
  - b. Agricultural income in Kerala
  - c. Capital gains
  - d. Interest on government securities
4. For claiming exemption under section 54B, the asset transferred should be .....
  - a. Rural agricultural land
  - b. Urban agricultural land
  - c. Any agricultural land
  - d. Semi- urban agricultural land
5. Which of the following are casual incomes?
  - a. Lottery winnings
  - b. Crossword puzzle winnings
  - c. Horse race winnings
  - d. All of these

Fill in the blanks:

6. .... is the year in which income is earned by the assessee.
7. The maximum exemption of gratuity is Rs .....
8. Depreciation is provided on a ..... of assets.
9. Family planning expenditure is deductible in ..... equal instalments while computing income from business.
10. .... is the higher value among Municipal Value and Fair Rent subject to a maximum of Standard Rent.

(10 × 1 = 10 Marks)

**PART B**

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

11. Who is an assessee?
12. Who is a non- resident?

(1)

**Turn Over**

13. What is commuted pension?
14. What is the GAV of a self-occupied house property?
15. What is long term capital asset?
16. What is Section 16 of the Income Tax Act, 1961?
17. Explain the provision of deduction allowed in respect of family planning expenditure.
18. What is the amount of deduction available in respect of family pension received by a widow?
19. What are tax free government securities?
20. Define agricultural income.

(8 × 2 = 16 Marks)

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

21. Explain the provision of Section 54 under capital gains.
22. What are the provisions relating to grossing up of interest on different kinds of securities?
23. Explain any eight exempted incomes.
24. From the following information, compute income from other sources of Mr. Akash for the AY 2017-18:
  - a) Gift of Rs. 50,000 from his friend at the time of marriage.
  - b) Received Rs. 100,000 from horse race.
  - c) Winnings from lottery Rs. 300,000
  - d) Dividend of Rs. 8,000 from a company in Hyderabad.
25. Discuss the admissibility or otherwise of the following expenditure while computing income from business:
  - a) Sales tax paid by an assessee
  - b) Bad debts written off
  - c) Brokerage paid for raising a loan for the business
  - d) Loss due to misappropriation of cash by an assessee.
26. Sri. Ganesh purchased a plot of land on 4.1.1998 for Rs. 50,000. He sold it on 2.09.2016 for Rs. 15,00,000. The market value of land as on 1.4.2001 was Rs. 1,00,000. Expenses on sale were 2% of the transfer price. CII for 2016-17 is 264. Compute chargeable capital gains for the Assessment Year 2017-18.
27. Mr. A is now working as a supervisor in a private company at Thrissur and is getting a monthly salary of Rs. 8500. She is provided with a rent free accommodation from which she pays a monthly rent of Rs. 300. The cost of furnishing the house was Rs. 45,000. Calculate the taxable perquisite.
28. Mr. A is the owner of a house property whose municipal value is Rs. 30,000 and FRV is Rs. 45,000. The house is let out on an annual rent of Rs. 60,000. He paid municipal tax Rs. 3,000 for the P.Y 2016-17. Find out the income from house property for the Assessment Year 2017-18.

(6 × 4 = 24 Marks)

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

29. Explain the provisions regarding determination of residential status of an assessee.
30. Mr. Anil's particulars of income for the AY 2017-18 are as under;
 

a) Dividend on equity shares	Rs. 600
b) Dividend on preference shares	Rs. 3,200
c) Income from letting on hire of building and machinery under a lease	Rs. 27,000
d) Interest on bank deposits	Rs. 2,500
e) Director's sitting fees received	Rs. 1,200
f) Ground rent	Rs. 600
g) Income from undisclosed sources	Rs. 10,000
h) Winnings from lottery (net)	Rs. 14,000

The following deductions are claimed by him:

- |   |          |
|---|----------|
| 1. Collection charges of dividend                   | Rs. 20   |
| 2. Allowable depreciation on building and machinery | Rs. 4000 |
| 3. Fire insurance on building and machinery         | Rs. 100  |

Compute his income from other sources.

31. Mahesh has given the following particulars about the sale of assets on 31<sup>st</sup> March, 2017:

	Gold	Securities	Plot
	Rs.	Rs.	Rs.
Selling price	8,00,000	4,00,000	13,90,000
Indexed cost of Acquisition	3,00,000	2,00,000	6,00,000
Selling expenses	10,000	5,000	90,000

He owned one residential house property on 31<sup>st</sup> March, 2017 being the date of transfer of the aforesaid assets. He has invested in the following assets after 31<sup>st</sup> March, 2017 but up to 31<sup>st</sup> July, 2017 being the last date of furnishing the return of income for the AY 2017-18:

- a. Bonds of National Highway Authority of India redeemable after 5 years- Rs. 3,00,000
- b. Bonds of Rural Electrification Corporation of India Ltd. Redeemable after 5 years- Rs. 2,40,000
- c. Residential house property- Rs. 10,00,000

Compute his taxable income from capital gains.

(2 × 15 = 30 Marks)

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