

20U541

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Name:

Reg. No:

FIFTH SEMESTER B.Com. DEGREE EXAMINATION, NOVEMBER 2022

(CBCSS-UG)

(Regular/Supplementary/Improvement)

CC19U BCM5 B09 - INCOME TAX LAW AND ACCOUNTS

(Commerce (Finance / Taxation) – Core Course)

(2019 Admission onwards)

Time: 2 ½ Hours

Maximum: 80 Marks

Credit: 4

Part A (Short answer questions)

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

1. What is CBDT?
2. What do you mean by maximum marginal rate of tax?
3. What is the concept of deemed assessee?
4. Distinguish between AOP and BOI.
5. List out fully exempted allowances.
6. What do you mean by PPF?
7. List out income from house property exempted from income tax.
8. Illustrate four disallowed expenses under profits and gain of business or profession.
9. What is the treatment of bad debt recovered under income from business?
10. What do you mean by specified business?
11. What is the concept of bond washing transactions?
12. List out the basic conditions to determine the residential status of an individual.
13. What is the treatment of entertainment allowance?
14. What do you mean by perquisites?
15. What is profits in lieu of salary?

(Ceiling: 25 Marks)

Part B (Paragraph questions)

Answer *all* questions. Each question carries 5 marks.

16. Mr. Rajeev is a foreign citizen. Since 2007 he comes to India every year in the month of July for 112 days. (a) Determine his residential status for the PY 2021-22. (b) if he is a person of Indian origin what will be his residential status?
17. Describe the tax liability of income based on residential status and incidence of tax.
18. Mr. Amar pays a rent of Rs 4,000 pm in connection with his employment at Salem. His basic pay is Rs 20,000pm, DA Rs 4000 pm and HRA Rs 2500 pm. Compute taxable HRA.

19. Describe exempted incomes under income tax
20. Compute income from house property. Municipal value Rs. 20,000, municipal tax paid 5%, house is used for self-residential purpose but let out one-fourth portion @ Rs. 400 per month with effect from 1st January 2021.
21. From the following information, compute depreciation on furniture for the AY 2022-23.

	Rs
WDV on 1-4-2021	1,10,000
Furniture purchased on 2 nd June 2021	15,000
Furniture purchased on 8 th January 2022	20,000
Part of old furniture sold on 19 th February 2022	3,000
Rate of depreciation 10%	

22. Mr. Vijay purchased a residential flat in 2006-07 (C.I.I. 122) at a cost of Rs. 40,000. In July 2012, he incurred Rs. 90,000 on its improvement. On 18th March 2019, he sold the flat for Rs. 10,20,000 and invested on purchase of residential house of Rs. 4,80,000. He also invested Rs. 2,50,000 in the bonds of NHAI. Compute taxable capital gain if C.I.I. for 2012-13 is 200.
23. Calculate income from other sources.

	Rs.
Winnings from lottery	2,00,00
Received from horse race	49,000
Gift received from	
a. A friend	30,000
b. Elder brother	1,00,000
c. A friend on the occasion of his marriage	1,80,000
d. An NRI friend	40,000

(Ceiling: 35 Marks)

Part C (Essay questions)

Answer any *two* questions. Each question carries 10 marks.

24. Smt. Keerthy has the following incomes during the PY 2021-22.
- 1) Salary Rs. 4,00,000
 - 2) DA (Forming part of salary for retirement benefits) Rs. 84,000
 - 3) Medical allowance (Actual expenditure Rs 28,000) Rs. 32,000
 - 4) Education allowance (for 2 children) Rs. 5,200
 - 5) Rent-free house in Mumbai for which the employer paid Rs. 6,000 pm as rent. The house is equipped with rented furniture. The actual rent of furniture is 2,500 pm

(2)

- 6) The employer spent Rs. 13,000 on here refresher course.
- 7) The employer also paid the telephone bills of Rs. 18,600
- 8) Employment tax paid by Ms. Lakshmi is Rs. 2,500

Compute taxable salary.

25. From the following information, compute income from house property.

Fair rental value of the house	Rs. 1,80,000
Municipal value	Rs. 2,00,000
Standard rent	Rs. 2,50,000
Actual rent	Rs. 3,000 pm
Vacancy period	2 months
Unrealised rent (Conditions of Rule 4 satisfied)	Rs. 30,000
Municipal tax paid by the owner	Rs. 15,000
Municipal tax paid by the tenant	Rs. 15,000
Interest on loan for the previous year	Rs. 25,000

26. Following is the profit and loss account of Ms. Riswana for the year ended 31-03- 2022. Compute business income.

	Rs.		Rs.
To Cost of goods sold	4,86,000	By Sales	9,60,000
Salary	1,10,000	Income tax returned	12,000
Office expenses	12,000	Rent from building let out	28,000
Income tax	10,000		
General expenses	12,000		
Interest on capital	70,000		
Municipal tax paid on house let out	2,800		
Net profit	2,97,200		
Total	<u>10,00,000</u>	Total	<u>10,00,000</u>

Additional information

- 1) Depreciation not provided Rs. 25,000
 - 2) General expenses include Rs. 4,000 legal expenses paid in connection with a litigation involving personal property of Ms. Riswana
27. Explain the taxable value of various perquisites under income tax.

(2 × 10 = 20 Marks)

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