

SECOND YEAR B.Com. DEGREE EXAMINATION, MARCH/APRIL 2002

Part III—Commerce

Paper IX (C)—INCOME-TAX LAW AND PRACTICE—I

Time : Three Hours

Maximum : 100 Marks

Section A

*Answer any ten questions.**Each question carries 2 marks.**Answers may be given in 1 or 2 sentences each.*

1. Define the term "Agricultural Income".
2. Who is a Non-resident ?
3. What is the rate of Standard deduction of employees whose gross salary exceeds Rs. 5,00,000 ?
4. What is "Annual charge" under the head "Income from house property" ?
5. Define the term "Profession".
6. What are the assets on which depreciation is allowed for tax purposes ?
7. What is Short-term capital gain ?
8. State any two deductions allowable in computing income from other sources.
9. What is "Income escaping assessment" ?
10. What is Tax credit certificate ?
11. What is the time limit for claiming refund of tax ?
12. What is Permanent Account Number ?

(10 × 2 = 20 marks)

Section B

*Answer any ten questions.**Each question carries 5 marks.**Answers to theory questions may be given in one page each.*

13. Explain the incidence of tax liability.
14. How are the following perquisites treated for income-tax purposes ?
 - (a) Rent free furnished house at Delhi.
 - (b) A free 18 H.P. car provided by the employer for office and personal uses.
15. State the rules regarding the claim of deduction for depreciation.
16. What are the kinds of incomes chargeable to tax under the head "Income from other sources" ?
17. Describe briefly the provisions relating to Best Judgement Assessment.

Turn over

18. State the rules regarding the deduction of tax at source on winning from lottery.
19. From the given particulars of income of Mr. A for the Previous Year 2000-2001 his tax liability :-

	Rs.
Net agricultural income ...	50,000
Non-agricultural income ...	75,000

20. Mr. B is employed at Madurai on a salary of Rs. 3,000 p.m. He gets Rs. 350 p.m. (Actual rent paid by B is Rs. 500 p.m.). He is also getting 2 % commission on turnover achieved by him and the turnover is Rs. 1,50,000.

Calculate B's taxable House Rent Allowance.

21. Mr. C owns a house property. Its annual letting value is Rs. 9,000. During the Assessment Year, it was let out to a tenant on a monthly rent of Rs. 800. Other particulars of the house property are : Municipal taxes paid Rs. 1,000 ; Ground rent Rs. 200 ; Fire insurance premium Rs. 300 ; and Collection charges Rs. 100.

Compute C's income from house property for the Assessment Year 2001-2002.

22. Mr. D sold an asset on 15-8-2000 (C.I. 406) for Rs. 94,500. The cost price of the asset purchased on 11-2-1976 was Rs. 20,000. The fair market value of the same asset (C.I. 100) was Rs. 20,000. Calculate his taxable capital gain.

23. Compute the income under the head "Income from other sources" for the part of the year ended 31-3-2001 :-

Dividends	Rs. 24,000
Dividends—Declared on 1-1-2001	Rs. 12,000
Dividend collection charges	1 % of dividend.
Rent from building and machinery	Rs. 30,000
Depreciation on building	Rs. 4,000
Insurance on building	Rs. 1,600

24. During 1997-98, Mr. E claimed a bad debt of Rs. 45,000. After going through the Assessment Officer allowed only Rs. 30,000. During 2000-2001, Rs. 25,000 were recovered from the same debtor. Find out the taxable amount for the Assessment Year 2001-2002.

Section C

(10 × 5 = 50)

Answer any two questions.

Each question carries 15 marks.

Answer to theory question may be in around four pages.

25. Explain the different types of assessments under the Income-tax Act, 1961.
26. Mrs. Z is a Professor in Bharathiar University, Coimbatore. Following are the particulars of her income for the Assessment Year 2001-2002 :-
- Basic Pay Rs. 16,000 p.m.
 - Dearness Allowance at 38 % of pay.
 - House Rent Allowance Rs. 3,000 p.m.

- (iv) Medical Allowance Rs. 200 p.m. (amount actually spent on her own treatment Rs. 2,000).
- (v) Wondership Allowance Rs. 800 p.m.
- (vi) Rent from house property at Madurai Rs. 2,000 p.m.
- (vii) Interest received from Government securities Rs. 5,000 (gross).
- (viii) Dividend from Indian Company : Rs. 3,200.
- (ix) Contribution to Provident Fund : 12 % of basic pay.
- (x) House Rent paid Rs. 4,500 p.m.

Compute her total income for the Assessment Year 2001-2002.

27. The following is the Profit and Loss Account of Mr. X, on the basis of which compute his Gross Total Income for the Assessment Year 2001-2002 :—

	Rs.		Rs.
Salaries and wages	12,000	Gross profit	48,200
Rent	3,200	Rent from house property	6,000
Trade expenses	1,450	Dividend from an Indian company	2,400
Advertisements	950		
Household expenses.	3,500		
Postage	1,000		
Life Insurance premium (Letout house)	300		
Reserve for bad debts	1,000		
Life Insurance premium	1,000		
Contributions to a school (approved)	1,000		
Income-tax	3,300		
Repairs (House)	500		
Audit fees	300		
Loss of stock-in-trade	1,000		
Depreciation	1,000		
Interest on capital	200		
Net profit	24,375		
	56,600		56,600

Additional information :

- (i) Depreciation allowable is Rs. 500.
- (ii) He owns another house which is self-occupied and paid Rs. 12,000 as interest on loan taken for its repairs.

(2 × 15 = 30 marks)