

YEAR B.Com. DEGREE EXAMINATION, SEPTEMBER/OCTOBER 2004

Reg. No.....

(New Scheme)

Part III - Commerce-Model I

Paper XIV (b) - INCOME TAX LAW AND PRACTICE PAPER I

Three Hours

Maximum : 80 Marks

**Section A**

Answer any **ten** of the following. Each carries 1 marks.

Define previous year.

State whether premium received by a company on the issue of shares is a capital or revenue receipt.

When a H.U.F. is non-resident ?

Define perquisite. Give an example.

State the amount of standard deduction if the gross salary of an assessee is Rs.320,000 ?

Define annual value.

What is short term capital gains ?

How will you treat dividend received from an Indian Company ?

What is meant by belated return ?

What is meant by tax deducted at source ?

What is tax clearance certificate ?

What is unabsorbed depreciation ?

(10 × 1 = 10 marks)

**Section B**

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

Give a brief account of income tax laws in India.

Explain bond washing transactions.

Explain the treatment of encashment of earned leave.

State any four capital gain exempted from tax.

Briefly explain different types of assessment.

Mr. Govind left for Japan on 15 March 2000. After staying in India for 15 years. He came back to India on 31st August 2002. Determine his residential status for the assessment year 2003-2004 ?

Mr. Salim retired as manager of a factory after serving for 30 years and 8 month in June 2002. His monthly salary (including DA) on the date immediately preceding the date of retirement was Rs.20800. He received Rs.372000 from his employer as gratuity under the payment of Gratuity Act. Compute the exempted amount of gratuity ?

Turn over

20. Mr. Jose owns a house which is let out for residential purpose. The construction of the house was completed in June 1999. The annual letting value of the house is Rs.90,000. Annual Municipal taxes paid is Rs.20,000. On 1-4-1997 he had borrowed Rs.30,000 @ 12% interest and spent it on the construction of the house. Nothing has been repaid so far. Compute his income from house property ?

21. Calculate the Ex liability of an individual for the assessment year 2003-04 .

His agricultural income	Rs.10,000
Other income	Rs.1,00,000.

22. Following is the P & L a/c of M/s. Prabath & Sons.

To Salaries	Rs.14,600	By G.P.	Rs.1,35,000
To household exp.	2,000		
To income tax	900		
To business exp.	2,200		
To gifts	900		
To life insurance premium	2,100		
To bad debts rese	800		
To N.P.	1,11,500		
	<u>1,35,000</u>		<u>1,35,000</u>

Find out taxable income from business.

23. The written down value of two plant and machinery. A and B, on 1-4-2001 is Rs.10,00,000. Two new machinery C and D have been acquired in December 2001 and May 2002 respectively at a cost of Rs.5,00,000 each.

Compute the amount of depreciation for the assessment year 2003-2004 if the rate of depreciation is 25%.

24. Mr. Pramod purchased a house property on 1-9-1979 for Rs.2,10,000. The fair Market value of the property on 1-4-1981 was Rs.1,70,000. He incurred Rs.3,92,000 for improvement of the house in 1993-94. The property was sold on 30-3-2003 for Rs.17,65,000. Compute the capital gain if the cost inflation index were 1993-94 = 244. And 2002-03 = 447.

(10 × 4 = 40 marks)

### Section C

Answer any two questions. Each question carries 15 marks.

25. Explain how the incidence of tax is influenced by residential status.

26. Shri. Anil is the manager of a private company in Delhi. He got a basic salary of Rs.8,000 per month. Dearness allowance of Rs.3,000 per month and entertainment allowance of Rs.1,000 per month. He had been provided with a rent free house owned by the company, the fair value of which was Rs.27,000. He has also been provided by the company with the facility of use of water and light for which the employer paid Rs.10,000 during the previous year. The company paid life insurance premium of Rs.1,000 for the policy on the life of Mr. Anil.



The company has provided him a large car all the expenses relating to office use are borne by the company. The car is used partly for personnel purpose also. The salary of the driver is paid by the company. He has been provided with the facility of a sweeper and cook who are paid salary by the company @ Rs.200 per month and @ Rs.600 per month respectively. He and the company both contribute 14 % of basic pay and dearness allowance towards a recognized P F. During the year interest credited to his fund account @ 9% amounts to Rs.13500.

Compute his taxable salary ?

Shri Ajith Kumar furnishes the following particulars of his income for the previous year 2002-03.

1. Divident from a tea company (gross) Rs.2500.
2. Amount won from a horse race Rs.2500.
3. Divident received from P & Co. Ltd. (net) Rs.4475.
4. Winnings from lottery Rs.62500.
5. Interest on post office cumulative time deposit Rs.1000.
6. Interest received as deposit with a firm (net) Rs.5370.
7. Divident received from a co-operative society Rs.500.
8. Income from non-agriculture land Rs.1500. He claims the following expenses.
  - a) bank commission Rs.100 for collecting dividend from companies.
  - b) interest on loan taken to purchase share in tea company Rs.800.

Compute the taxable income of Sri. Ajithkumar under the head "income from other sources".

(2 × 15 = 30 marks)