

FINAL YEAR B.Com. DEGREE EXAMINATION, SEPTEMBER 2007

Part III—Commerce—Model II—A—II Finance

Paper XII—DIRECT TAXES—INCOME TAX LAW AND PRACTICE

(New Scheme)

Three Hours

Maximum : 80 Marks

Section A

Answer any ten questions.

Each question carries 1 mark.

What is Annual Accretion ?

What is Vacancy Allowance ?

What is Short term Capital Asset ?

What is additional depreciation ?

What is perquisite ?

State any *Four* taxable perquisite.

What is Bond washing transaction ?

State the deduction from the Family Pension received.

With whose income the income of a minor child is to be included.

What are less tax securities ?

State the amount of deduction u/s 80 D of I.T. Act 1961.

How to find a resident company ?

(10 × 1 = 10 marks)

Section B

Answer any ten questions.

Each question carries 4 marks.

Discuss the evolution of Income-tax Law in India.

What is meant by clubbing of income ?

Distinguish between Long-term capital gain and Short-term capital gain.

Mention the deductions allowed under Section 16 of I.T. Act.

Define and explain the term Agricultural income.

What is average rate of tax ? What are the purpose of its calculation ?

Explain the deductions allowed in computing income from house property.

Mr. X left for Japan on 15-3-2003 after staying in India for 15 years. He came back on 31-8-2005.

Determine his residential status for the A.Y. 2006-07.

21. Mr. S is getting a pension of Rs. 3,000 P.M. from a company. During the previous year he got his 'X' pension commuted and received Rs. 2,40,000. Compute the exempted amount assuming if he also received gratuity.
22. Compute Gross Salary from the given information :
- Salary at Rs. 3,500 p.m.
 - D.A. at Rs. 1,000 p.m. D.A. enters in to pay for service benefits.
 - CCA at Rs. 200 p.m.
 - HRA at Rs. 1,000 p.m.
 - Commission on turnover achieved by him is Rs. 6,000.
 - Living in a rented house at Delhi and rent paid is Rs. 1,500 p.m.
23. Shrikant of Bagalkot furnishes the following information for the P.Y. 2005-06. Compute the capital gains :-

Particulars	Jewellery
Year of purchase	1983-1984
Year of sale	2005-2006
Cost of purchase	Rs. 1,16,000
Sale proceeds	Rs. 9,06,000
Commission on sale	Rs. 6,000

Shrikant purchase a new residential house for Rs. 4,50,000 out of the sale proceeds. The C.I.I. for 1983-84 and 2005-06 were 116 and 497 respectively.

24. From the following particulars of Sri Gaurav compute his income from other sources for the A.Y. 2006-07 :-
- Directors fees received Rs. 13,000.
 - Interest on deposit with co-operative bank Rs 2000.
 - Dividend received from a foreign company Rs 6000.
 - Income from agriculture in England Rs. 78,000.
 - Honorarium for delivering lectures in a registered society Rs. 1200.

(10 × 4 = 40 marks)

Section C

Answer any two questions.
Each question carries 15 marks.

25. Explain the provisions of Income-tax Act 1961, regarding set-off carry forward and set-off of losses.
26. From the following particulars, find out the taxable salary of Mr. Asha working at Coimbatore (population more than 4 lakh) :-
- Salary Rs. 12,000 p.m.
 - D.A. Rs. 1,500 p.m.
 - Employers contribution to RPF 14 % of basic salary.
 - Rent free accommodation (unfurnished) FRV is Rs. 80,000 p.a. expenses on maintenance of garden met by employer Rs. 3,000.
 - Interest on Provident Fund balance at 13 % p.a. Rs. 3,900.
 - A car (14 lt. capacity) is provided by employer. All expenses are borne by employer. It is used both for performance of duties and private purposes. Car was used by Employee for only 11 months during the year.
 - She paid professional tax of Rs. 200.
 - She received Rs. 500 p.m. as fixed Medical allowance.

Profit and Loss Account of Tom & Company :—

	Rs.		Rs.
General expenses ...	5,000	Gross profit ...	1,40,000
Fire Insurance Premium ...	4,000	Bad debts recovered	
Bad debts ...	1,000	but disallowed earlier ...	4,000
Salaries ...	65,000	Interest on Govt. Securities ...	4,000
Advertisement (in cash) ...	22,250	Rent received from employees ...	12,000
Proprietors salary ...	12,500	Interest from debtors ...	6,000
Interest on capital ...	2,000		
Income-tax ...	1,000		
Depreciation ...	2,000		
Sales tax (due) ...	5,000		
Advance income-tax ...	1,000		
Donations ...	500		
Motor car expenses ...	750		
Municipal taxes of quarters			
Let to employees ...	5,000		
Net profit ...	39,000		
	<u>1,66,000</u>		<u>1,66,000</u>

General expenses include Rs. 4,000 paid as compensation to an old employee whose services were terminated in the interest of the business and Rs. 2,200 by way of help to a poor student. Depreciation calculated according to the rates come to Rs. 2,900. Sales tax was paid on 1-5-2006. Date of filing of return is 31-7-2006.

(2 × 15 = 30 marks)