

FINAL YEAR B.Com. DEGREE EXAMINATION, MARCH/APRIL 2008

Reg. No.....

Part III—Commerce
Paper XIII—INCOME TAX
(2005 admissions)

Three Hours

Maximum : 80 Marks

Section A

Answer any ten questions.
Each question carries 1 mark.

1. What is Total Income ?
2. Define the term Assessee.
3. Explain closely held company.
4. What is casual Income ?
5. What is Bond Washing Transaction ?
6. When a company is said to be resident in India ?
7. Give two perquisites that are taxable in specified cases only.
8. What do you mean by Block Assets ?
9. What is Tax free commercial securities ?
10. What is assessment ?
11. What is Negative annual value ?
12. What do you mean by Long-term capital asset ?

(10 × 1 = 10 marks)

Section B

Answer any ten questions.
Each question carries 4 marks.

1. Explain various kinds of Agricultural Income.
2. Name the assets which are excluded from the definition of Capital Assets under the IT Act.
3. What is Section 54 F under capital gains ?
4. Name the losses which can be carried forward.
5. With whose income the income of a minor child is clubbed.
6. What are the deductions allowed from annual value of House property while computing the income from house property ?
7. How will you treat the gratuity received under the payment of Gratuity Act ?

20. Sivakumar an Indian Citizen, leaves India to Germany for a job on 21-9-2006. What will be his residential status for the A.Y. 2007-2008 if he has never left India earlier?
21. Mr. Nishant is employed in a town (Population 13 lakh). His particulars of income for the A.Y. 2007-2008 are :
 Basic Salary Rs. 8,000 p.m., D.A. Rs. 2,000 p.m. (40% enters into retirement benefits), Dear Allowance Rs. 8,000 p.a., Commission Rs. 4,500 p.a., E.A. Rs. 500 p.m., Fair rent of rent-free house provided by the employer Rs. 40,000 p.a. Value of furniture provided Rs. 20,000. Compute the taxable income of Mr. Nishant in a rent-free house.
22. Dr. K.K. Raj owns a house property in Pune which is let out for Rs. 8,000 p.m. Its municipal taxes and municipal taxes are respectively Rs. 80,000 and 30%. Dr. Raj paid municipal taxes for 4 years alongwith for the current previous year. The house was vacant for 3 months in the current year. Compute income of house property for the A.Y. 2007-2008.
23. Kamal is the owner of a house property which he purchased in June, 1987 for Rs. 90,000. He sold it for Rs. 4,50,000 on 15th May, 2006 and incurred an expenditure of Rs. 10,000 on brokerage. He bought a residential house on 15th January, 2007 for a sum of Rs. 2,50,000. Compute the capital gains chargeable for the A.Y. 2007-2008.
24. Compute income from other sources of Vivek for the A.Y. 2007-2008.
 (a) Dividend from UTI Rs. 5,000.
 (b) Interest from Post Office Savings Bank Rs. 10,000.
 (c) Interest on F.D. from S.B.I. Rs. 7,000.
 (d) Rs. 30,000, 7% Debentures of D.C.M. Mills.

(10 × 4 = 40)

Section C

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

25. From the following particulars prepare an assessment statement of Mr. Jishnu for the A.Y. 2007-2008.
 (a) Salary Rs. 15,000 per month with effect from 1st July 2006. Contribution to URF by his own, 10% employers.
 (b) His investments were as follows :
 (i) Rs. 8,000 as dividend on preference shares of an Indian company.
 (ii) Rs. 20,000 in 5% Fixed Deposit in a Bank.
 (c) He owns a house half of which is occupied by his son for his residence who is separate from his father and the other half is let at Rs. 1,500 p.m. Insurance premium Rs. 250 ; ground rent Rs. 150 ; local taxes Rs. 6,000.
 (d) He has income from a firm Rs. 12,000 and from the H.U.F. Rs. 10,000.
26. What are the different categories into which the assessee are divided with regard to residential status? Give brief account of each of them.

27. The following is the Receipts and Payments Account of Mr. Kamal Raj, a practising Chartered Accountant for the year ended 31-3-2007.

Receipts :

	Rs.
Audit fees	19,210
Consultation	10,000
Tribunal appearance	15,000
Miscellaneous	20,000
Interest on Govt. Security	10,000
Rent received	10,000
Presents from clients	10,000

Payments :

Office Expenses	10,000
Office Rent	5,000
Salaries and wages	12,050
Printing and stationery	1,000
Subscription	3,000
Purchase of books (Annual publication)	1,300
Travelling expenses	5,800
Interest on Bank loan	3,000
Donation to National Defence Fund	5,000

Loan from bank was taken for the construction of the house in which he lives. Municipal value of this house is Rs. 8,000 and the local taxes Rs. 800 p.a. 1/4 of travelling expenses are not allowable. Compute Income from profession for the A.Y. 2007-2008.

(2 × 15 = 30 marks)