

Reg. NO.
FINAL YEAR B.Com. DEGREE EXAMINATION, AUGUST 2009

Direct Taxes A-II—Finance

Paper XII—DIRECT TAXES—I.T. LAW AND PRACTICE

(2004 and earlier admissions)

Time : Three Hours

Maximum : 80 Marks

Section A

Answer any **ten** questions.
Each question carries 1 mark.

1. What is Finance Act ?
2. Define Previous Year.
3. When a firm become Resident in India ?
4. What is tax avoidance ?
5. What do you mean by RPF ?
6. What is perquisite ?
7. Name the deductions allowed under Section 16.
8. What is meant by pre-construction period interest ?
9. What is tax free commercial securities ?
10. What percentage of winnings from lottery is deducted at source as tax ?
11. What is self assessment ?
12. What is CBDT ?

(10 × 1 = 10 marks)

Section B

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

13. What are the conditions to be satisfied for an income to be treated as agricultural income ?
14. Explain any *four* incomes which are totally exempt from income tax.
15. Who is a specified employee u/s 17(2)(iii) ?
16. Explain the provision regarding interest on loan for computing house property income.
17. Distinguish between Short-term capital gain and Long-term capital gain.
18. Write short notes on :
 - (a) Less tax securities.
 - (b) Grossing up of interest.

19. Explain the provision regarding set-off and carry forward of depreciation and business losses.
20. Mr. Ziyad Azhar, an Indian citizen left India for the first time on 30th April 2007 and returned India on February 20, 2008. What is his residential status for the A.Y. 2008-09?
21. Mr. George retired from service on 31-12-07. His pension was fixed at Rs. 6,000 p.m. He commuted half of his pension and received Rs. 2,70,000. Find out exempt amount of commuted pension if is
- Government employee.
 - Private employee who receives gratuity.
22. Mr. Antony owns a house. Its FRV is Rs. 80,000. It is let out to a tenant at Rs. 7,000 p.m. He paid Municipal taxes Rs. 8,000 and interest on loan Rs. 6,000. The house remained vacant for two months during the previous year. Compute income from house property.
23. W.D.V. of four plant A, B, C, D as on 1-4-07 is Rs. 1,67,000. Plant A was sold on 16-8-2007 for Rs. 86,000 and new plant E was purchased for Rs. 1,00,000 on 10-12-2007. Calculate normal depreciation for the previous year 2007-08 if the rate is 30%.
24. From the following information relating to a capital asset compute capital gain :

Year of purchase	... 1978
Cost	... Rs. 1,90,000
Cost of improvement in 1993-94	... Rs. 48,800
Sold the property in 2007-08 for	... Rs. 12,50,000

C11 : 1980-81 : 100
1993-94 : 244
2007-08 : 551

(10 × 4 = 40 marks)

Section C

Answer any **two** questions.

Each question carries 15 marks.

25. Explain how the incidence of tax on an individual is influenced by his residential status.
26. Mr. Suresh Kumar, a private sector employee gives the following particulars of his income earned from employment for the year ended 31-03-2008 :—

(a) Basic salary after deduction of own contribution to Recognised P.F.	... RS. 1,22,000
(b) Employer's Contribution to P.F.	... 18,000
(c) Entertainment allowance	... 7,200
(d) Bonus	... 19,200
(e) Professional tax paid by Suresh Kumar	... 3,000
(f) Own contribution to R.P.F.	... 18,000

Particulars of other incomes are :

The following is the Profit and Loss Account of Mr. Mukundan for the year ending 31-03-08.
Compute Business Income :

		Rs.			Rs.
To	Opening stock	... 15,000	By	Sales	... 3,10,000
	Purchases	... 90,000		Stock	... 20,000
	Wages	... 60,000		Gift from father	... 10,000
	Rent	... 36,000		Sale of personal effect	... 47,000
	Repairs of car	... 3,000		Income tax refund	... 3,000
	Wealth tax	... 2,000			
	General expenses	... 43,000			
	Depreciation of car	... 15,000			
	Income tax	... 1,000			
	N/P	... 1,25,000			
		3,90,000			3,90,000

Additional information :

- (a) Mukundan carries on business in a rented building half of which is used as residence.
 (b) $\frac{1}{4}$ of the use of motor car is for personal purposes.

(2 × 15 = 30 marks)