

C 14013

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Name.....

Reg. No.....

FINAL YEAR B.Com. DEGREE EXAMINATION, MARCH/APRIL 2011

Paper XIII—INCOME TAX

(2005 admissions)

Maximum : 80 Marks

Time : Three Hours

Part A

Answer any ten questions.
Each question carries 1 mark.

1. Who is liable to pay income tax ?
2. Define Person ?
3. What is Gross Total Income ?
4. What do you mean by Maximum Marginal Rate ?
5. Point out any two allowances which are completely taxable.
6. What do you mean by vacancy allowance ?
7. Give two examples for income from other sources.
8. What is Long Term Capital Asset ?
9. Define Assessment Year.
10. What are the conditions to be fulfilled for availing depreciation ?
11. When a company is said to Resident in India ?
12. What is Perquisites ?

(10 × 1 = 10 marks)

Part B

Answer any ten questions.
Each question carries 4 marks.

13. What do you mean by deemed profit as per section 41 ?
14. How taxable income from house property is computed ?
15. State the perquisites provided to employees that are not chargeable to tax ?
16. What are the different deductions allowable in respect of income from other sources ?
17. List five transactions which are not regarded as transfer of capital asset ?
18. Mr. X an American came to India for first time on 10-1-2006 and left for Japan on 15-9-2006. He again came to India on 1-5-2009 to leave for South Africa on 15-7-2009.
Find out the residential status of Mr. X for the A.Y. 2010-11.

Turn over

19 From the following particulars of Mr. N compute the taxable HRA :

- * Basic salary Rs. 6,000 p.m.
- * D.A. Rs. 1,000 p.m.
- * H.R.A. Rs. 800 p.m.
- * Actual rent paid Rs. 1,200 p.m.

20. Mr. S owns a house. Its annual letting value is Rs. 80,000. During the P.Y. it was let out to a tenant on a monthly rent of Rs. 7,000. He claimed the following expenses :

- 1 Municipal taxes paid Rs. 8,000.
- 2 Expenses for the recovery of rent Rs. 600.
- 3 Maintenance allowance paid to mother Rs. 12,000 p.a. which was a charge on house according to his' father's will.

The house remained vacant for one month during the P.Y. Find out the income from house property for the A.Y. 2010-11.

21. C purchased a house for Rs. 20,00,000 in 1981-82 and paid Rs. 18,000 as registration expenses. He sold this house on 31-5-2009 for Rs. 16,00,000. The market value of this house on 15-9-1995 was Rs. 10,00,000. Compute the capital gain for the A.Y. 2010-11.

22. The following are the details relating to Mr. F for the P.Y. 2009-10.

- Income from agriculture in Pakistan Rs. 5,000.
- Interest on P.O. Savings Bank Rs. 1,000.
- Dividend from foreign company Rs. 700.
- Dividend from Indian company Rs. 1,000.
- Rent from subletting house Rs. 26,250.
- Expenses for sublet house Rs. 1,000.
- Winning from lottery (Net) Rs. 14,000.

23. Mr. Y has received the following income during the P.Y.

- Salary (computed) Rs. 80,000.
- Rent received from house Rs. 80,000.
- Municipal taxes paid Rs. 10,000.
- Repairs paid Rs. 10,000.
- Fire Insurance (H.P.) Rs. 3,000.
- Long term capital gain Rs. 1,00,000.
- Dividend Rs. 10,000.

Compute Gross Total Income.

24. From the following particulars in respect of Mr. M find out the qualifying amount under Section 80 C.

LIC Premium on his life Rs. 22,000.
 Contribution to unrecognized P.F. Rs. 10,000.
 Contribution to recognized P.F. Rs. 13,000
 Contribution to Public P.F. Rs. 55,000.

(10 × 4 = 40 marks)

Part C

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

25. Explain the provisions regarding set-off and carry forward of losses while computing the total income.
26. X is employed as an engine driver in Indian Railways. He is getting Rs. 7,500 p.m. as basic pay ; Rs. 2,500 p.m. as Dearness pay and Rs. 2,500 p.m. as D.A. During 2009-10 he received the allowances also.
- 1 Rs. 16,500 as Running allowance.
 - 2 Rs. 200 p.m. per child as education allowance for his two children.
 - 3 One of his sons staying in a hostel on which X is spending Rs. 800 p.m. He is getting Rs. 500 p.m. for his son as Hostel allowance for meeting this expenditure.
 - 4 Rs. 250 p.m. as C.C.A.
 - 5 Rs. 400 p.m. as uniform allowance fully spent for employment purposes.
 - 6 Rs. 1,250 p.m. as HRA. He pays Rs. 1,500 p.m. as rent to house owner.

He contributes 10 % of his basic pay and dearness pay to SPF and the employer contributes a similar amount. Compute his taxable salary for A.Y. 2010-11.

27. Mr. R prepared the following Profit and Loss account of his cloth shop for the year ended 31st March, 2008. Find out his income from business for the A.Y. 2010-11.

<i>Particulars</i>	<i>Rs.</i>	<i>Particulars</i>	<i>Rs.</i>
To Salaries	... 33,000	By Gross profit	... 3,34,725
Rent	... 1,600	Gifts received from relatives	... 275
Income tax	... 900		
Household expenses	... 82,000		
Gifts to relatives	... 900		
Advertisement	... 800		
Postage	... 600		
Fire insurance premium	... 400		
L I Premium	... 2,100		
Bad debts reserve	... 800		
Audit fees	... 400		
Gifts to relatives	... 900		
Net profit	... 2,11,600		
	<hr/> 3,35,000		<hr/> 3,35,000

(2 × 15 = 30 marks)