

SIXTH SEMESTER B.Com. DEGREE EXAMINATION, MARCH 2014

(U.G.—CCSS)

Core Course

BC 6B 12—INCOME TAX—LAW AND PRACTICE

Time : Three Hours

Maximum : 30 Weightage

I. Objective type questions. Answer all *twelve* questions. Choose the correct answer :

1 State which of the following income is exempted :

- (a) Dearness allowance. (b) City compensatory allowance.
(c) Foreign allowance. (d) Medical allowance.

2 Gratuity received by government employee is :

- (a) Fully exempted. (b) Partly exempted.
(c) Fully taxable. (d) Exempt upto Rs. 1,00,000.

3 For income tax purpose house means

- (a) Dwelling house. (b) Building for office use.
(c) Godown. (d) All these purposes.

4 On which income Income Tax is not levied :

- (a) Salary income. (b) Agricultural income.
(c) Professional income. (d) Business income.

Fill in the blanks :—

5 Income Tax in India is a _____ Tax.

6 The assessee are classified in _____ categories on the basis of residential status.

7 Income accrued outside India and also received there. It is taxable in the case of _____.

8 Rent received from agricultural land is _____ income.

Turn over

State whether the following statement are True or False :

- 9 Dividend received from any Indian Company is taxable.
- 10 Allowance received by members of parliament are not exempted from tax.
- 11 A person can be resident in more than one country.
- 12 All perquisites are taxable.

(3 × 1 = 3 weightage)

II. Short Answer Type Questions. Answer all *nine* questions.

- 13 Mr. Suresh was sponsored by his employer for some training in U.S.A. He left India on 3rd June 2011. He came back to India on 5th April 2012. Determine his residential status for the A.Y. 2012-13 assuming that he did not go outside India previously.
- 14 Mrs. Srilatha retires in September 2011 after having put in 42 years of service in a company. Her average salary for 10 months preceding September 2011 in Rs. 50,000 p.m. she receives gratuity of Rs. 12,00,000. Compute her taxable gratuity.
- 15 What is statutory provident fund ?
- 16 What is gross total income ?
- 17 Who is a deemed assessee ?
- 18 What is Assessment year ?
- 19 What is tax evasion ?
- 20 Define Annual Value.
- 21 Define Profession.

(9 × 1 = 9 weightage)

III. Short Answer Type Questions. Answer any *five* from seven. Each question carries a weightage of 2.

- 22 X Purchased 1,000 equity shares of A Ltd in 1968-69 @ Rs. 15 per share. In 1987-88, he got 500 bonus share. On May 10th 2008 he sold 1,000 original share @ Rs. 100 Per share. Further on 30th November 2008, he sold 500 bonus shares @ Rs. 55 Per share. Compute the amount of capital gain.
- 23 State the exceptions to the rule of charging Previous year's, income in the assessment year.

- 24 Mr. X purchased from 'Y' the 'rights' to subscribe for 200 rights units of a mutual fund @ Rs. 2 per unit and paid Rs. 13 per unit to the M.F. Fund. Find out the cost of acquisition of 200 rights units.
- 25 A company took a house on rent and allotted it to its employees. From the following information find out the value of perquisites of accommodation.

	Rs.
(a) Rent paid for the year	... 60,000
(b) Salary	... 5,00,000
(c) Cost of furniture provided	... 60,000
(d) Rent charged per month	... 1,000

- 26 What are the allowances which are fully exempted from tax ?
- 27 Mr. Santhosh is a cost accountant. He accepted an offer as an accountant in U.S.A. He left India for U.S.A. on 20th August 2011. He had never been in any foreign country before. Discuss the residential status of Santhosh for the assessment year 2012-13.
- 28 How will you compute long-term capital gain ?

(5 × 2 = 10 weightage)

IV. Essay questions. Answer any *two* questions from three.

- 29 Discuss the procedure for computation of capital gain.
- 30 RamRaj, a Bank manager gets Rs. 18,000 p.m. as salary and DA at 10 % of salary. He is getting entertainment allowance Rs. 8,000 p.a. During the previous year ended 31-03-2012, he received a bonus of three months salary. He is also provided with a rent free house (unfurnished) in a town (Whose of population is less than 4 lakhs) Whose fair rent is Rs. 5,000 p.m. Find out his income under the head salaries for the Assessment year relevant to the previous year 2011-12.

31 Mr. Naresh prepared the following Profit and Loss Account of his cloth shop for the year ended 31-03-2012. Find out his income from business for the A/Y 2012-13.

*Profit and Loss Account
for the year ended 31-03-2012*

	Rs.		Rs.
Salaries and images ...	33,000	Gross Profit ...	3,34,725
Rent ect. ...	1,600	Gift Received from relatives ...	275
House hold expenses ...	82,000		
Income Tax ...	900		
Advertisement ...	800		
Postage expenses ...	600		
Gift to relatives ...	900		
Fire Insurance Premium ...	400		
Life Insurance Premium ...	2,100		
Bad debts reserve ...	800		
Audit fee ...	400		
Net Profit transferred			
to Capital Account ...	2,11,500		
	3,35,000		3,35,000

(2 × 4 = 8 weightage)