

C 60022

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Name.....

Reg. No.....

**SIXTH SEMESTER B.B.A DEGREE EXAMINATION, MARCH 2019**

(CUCBCSS)

B.B.A.

BBA VIB 14—INCOME TAX

Time : Three Hours

Maximum : 80 Marks

**Part I ( Objective Questions)**

*Answer all ten questions.*

*Each question carries 1 mark.*

Fill in the blanks :

1. For a payment to be considered under the head salaries, the relationship of \_\_\_\_\_ and \_\_\_\_\_ must exist between the payer and receiver of the salary.
2. The limit for deduction u/s 80 C is \_\_\_\_\_.
3. Rate of tax for long term capital gains is \_\_\_\_\_.
4. Any amount received by a government servant as commutation of pension is \_\_\_\_\_.
5. Gift received by an assessee is taxable under the head \_\_\_\_\_.

Choose the correct answer :

6. Maximum deduction allowed u/s 16 (iii) shall be \_\_\_\_\_.  
(a) Actual amount. (b) Rs. 5,000.  
(c) 2 % of employee's salary. (d) 9.5 % of salary.
7. An Individual who wants to be resident of India u/s 6 (i) (a) must stay in India for at least :  
(a) 182 Days. (b) 365 Days.  
(c) 730 Days in 7 previous years. (d) 210 Days.
8. Salary received by a member of parliament is :  
(a) Exempt from tax.  
(b) Taxable as salary income.  
(c) Taxable as business income.  
(d) Taxable as income from other sources.

**Turn over**

9. If the house is vacant throughout the year, its annual value is equal to \_\_\_\_\_.
- (a) Municipal vale. (b) Standard rent.  
(c) Nil. (d) None of these.
10. Gratuity received by a Government Employee is \_\_\_\_\_.
- (a) Fully taxable. (b) Fully exempted.  
(c) Exempted up to Rs. 3,00,000. (d) Exempted up Rs. 5,00,000.

(10 × 1 = 10 marks)

### Part II (Short Answer Questions)

Answer any **eight** out of the ten questions in two or three sentences.  
Each question carries 2 marks.

11. Define Capital asset.
12. What is transferred balance ?
13. What do you mean by fair rental value ?
14. What do you mean by unabsorbed depreciation ?
15. Who is a person for Income Tax purposes ?
16. What do you mean by clubbing of incomes ?
17. What is Maximum Marginal Rate ?
18. What is Gross Total Income ?
19. What is less tax Government a Security ?
20. What is composite Rent ?

(8 × 2 = 16 marks)

### Part III (Short Answer Questions)

Answer any **six** out of the eight questions in about 200 words.  
Each question carries 4 marks.

21. What are tax free perquisites ?
22. Distinguish between capital and revenue loss.
23. Define annual value and state the deductions that are allowed from the annual value in computing income from house property.
24. What is transfer for the purpose of capital gains ?

25. Mr. Ram is an employee in Mumbai. He resides in a rented house for which he pays monthly rent of Rs. 4000. He receives house rent allowance from the employer at the rate of Rs. 5,500 per month. Along with HRA, his monthly salary consists of the following :
- Basic pay—Rs. 2,000.
  - Dear allowance—Rs. 4,000.
  - Uniform allowance—Rs. 200.
  - Bonus—Rs. 1,000.

Compute taxable portion of HRA, if any for the year 2017-18.

26. A company took a house on rent and allotted it to its employee. From the following information find out the value of perquisites of accommodation :

	Rs.
(a) Rent paid for the year	60,000
(b) Salary	50,00,00
(c) Cost of furniture provided in the house	60,000
(d) Rent charged from the employee per month	1,000

27. Mr. Abraham, an English Citizen, leaves India after 10 years of stay on 15.6.2016 to settle down in Japan for doing business. During 2017-18, he visits India on 3-1-2018 and leaves on the last day of March 2018. Determine his residential status for the year 2017-18.
28. Mr. Jose availed a loan of Rs. 10,00,000 in 1983-84 for the construction of a house. Later he took extension loan for the house twice, Rs. 7,00,000 in 1989-90 and 3,00,000 in 1998-99. He sold the property in January 2018 for Rs. 75,00,000. Selling commission amounted to Rs. 75,000.

Compute capital gain assuming that the fair market value of the house on 1-04-2001 was Rs. 30,00,000.

(6 × 4 = 24 marks)

#### Part IV (Short Answer Questions)

Answer any **two** out of the three questions in about 800 words.

Each question carries 15 marks.

29. How residence of an individual is determined for income Tax purposes ? Explain the incidence of residence on tax liability.

Turn over

30. Mr. Ravikumar is employed in Chennai in a Public limited company on annual salary of Rs. 10,00,000. The company gives the salary as follows :

	Rs.
Basic salary	7,00,000
Travelling allowance	20,000
Medical allowance	20,000
Special allowance	12,000
House rent allowance	1,20,000
Employee's contribution to RPF	60,000
Company's contribution to RPF	60,000
Deposit to Approved gratuity fund	8,000
Total	10,00,000

Mr. Ravikumar lives in a rented house paying monthly rent of Rs. 15,000. During the year 2017-18. He paid tax on employment Rs. 2,000.

Compute income from salary for the assessment year 2018-19.

31. From the following Profit and Loss Account of Mr. Jain, ascertain taxable profit.

*Profit and Loss Account for the year ended 31.3.2018*

	Rs.		Rs.
Salaries	14,800	Gross profit	1,25,000
General expenses	12,550	Miscellaneous receipts	2,000
Bad debts reserve	3,000	Commission earned	4,000
Income Tax	1,500	Interest on Govt. Securities	3,000
Gifts and presents	2,000	Dividend from Indian company	10,000
Life insurance premium	1,300		
Fire insurance premium (Shop)	1,000		
Commission paid	15,000		
Audit fee	2,750		
Interest on capital	4,500		
Discounts allowed	6,000		
Trade expenses	24,500		
Net profit	55,100		
	1,44,000		1,44,000

Depreciation allowance eligible to the business is Rs. 6,500. General expenses include Rs. 4,000 being the cost of a table purchased for domestic use. Commission paid in cash.

(2 × 15 = 30 marks)