

**SIXTH SEMESTER B.Com./B.B.A. DEGREE EXAMINATION, MARCH 2020**

(CUCBCSS—UG)

B.B.A.

BBA VIB 14—INCOME TAX (FINANCE SPECIALISATION)

Time : Three Hours

Maximum : 80 Marks

**Part I (Objective Questions)***Answer all ten questions.*

Choose the correct answer :

1. Tax is charged on :

- (a) Total Income. (b) Income.  
(c) Gross Total Income. (d) Net Total Income.

2. Annual value of a self occupied house will be \_\_\_\_\_.

- (a) Municipal valuation. (b) Fair rental value.  
(c) Nil. (d) Standard rent.

3. When a business as a whole is let out, the income is assessed under :

- (a) Business income.  
(b) Income from other sources.  
(c) Capital gains.  
(d) Income from house property.

4. Agricultural income has been defined in \_\_\_\_\_ of the Income Tax Act.

- (a) Section 10 (I). (b) Section 2 (IA).  
(c) Section 2 (24). (d) Section 10 (IA).

5. A person satisfying none of the basic conditions but satisfying both the additional conditions :

- (a) Resident and ordinary resident.  
(b) Resident but not ordinary resident.  
(c) Non-resident.  
(d) None of the above.

**Turn over**

Fill in the blanks :

6. Income Tax Rules were passed in the year \_\_\_\_\_.
7. The maximum rent fixed by the Government under the Rent Control Act is called \_\_\_\_\_.
8. Profits on transfer of capital assets is assessed under the head \_\_\_\_\_.
9. The amount left after deductions under Chapter VI-A is called \_\_\_\_\_.
10. Deduction under Section 80 D is for \_\_\_\_\_.

(10 × 1 = 10 marks)

### Part II (Short Answer Questions)

Answer any **eight** out of the ten questions in two or three sentences.

11. Who is liable to pay income tax ?
12. What do you mean by previous year ?
13. What is gratuity ?
14. What do you mean by 'set off and carry forward of losses' ?
15. What is standard rental value ?
16. What are prerequisites ?
17. Who is deemed assessee ?
18. What is capital expenditure ?
19. Who is an Assessee in default ?
20. What is partly agricultural income ?

(8 × 2 = 16 marks)

### Part III (Short Essay Questions)

Answer any **six** out of the eight questions in about 200 words.

21. Mr. X, a Russian citizen came to India for the first time on 01-04-2014 and stayed here for 2 years and left India on 01-04-2016. He again came to India on 05-06-2018 and went back to Russia on 23-12-2018. Determine his residential status for the assessment year 2019-20.
22. Who is a 'person' under Income Tax Act ?
23. What are the major objectives of taxation ?

24. List out four incomes which are neither included in total income nor is the income tax payable on them.
25. Mr. Gopan retired from a company on 31-12-2018 and his pension was fixed at Rs. 8,000 PM. He does not commute any part of his pension. Compute his taxable pension for the previous year 2018-2019 assuming the pension received on the last day of the month.
26. After serving 33 years and 9 months in a company Mr. D who is covered under the payment of Gratuity Act, retires from service on 30-11-2018. The employer pays him a gratuity of Rs. 3, 00,000. His monthly salary at the time of retirement was Rs. 10,000 and HRA Rs. 1,300. You are requested to determine the amount of gratuity exempt under section 10(10) of IT Act.
27. Calculate Annual Rental Value from the following details :

Municipal Rental Value Rs. 50,000

Fair Rental Value Rs. 60,000

Actual rent Rs. 8,000 p.m.

Standard Rental Value Rs. 70,000

During the year assessee could not realise rent for 3 months.

28. Enumerate the classes of receipts deemed to be profit and gains of business or profession under Section 41.

(6 × 4 = 24 marks)

#### Part IV (Essay Questions)

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

29. Explain the allowances which are fully taxable.
30. Mr. Mahadev is the owner of a house. The municipal value of the house is Rs. 18,000. Municipal tax charged on the house was Rs. 4,000. He let out it for a rent of Rs. 2,000 p.m. He incurred the following expenses during the previous year :

Insurance premium	...	Rs. 1,000
Repairs of the house	...	Rs. 3,000
Interest on loan taken to repair the house	...	Rs. 4,000

Compute the income from house property.

Turn over

31. From the following information, compute the taxable income under the head salaries of Mr. M for the Assessment Year 2019-2020 :

- (a) Salary Rs. 10,000 PM.
- (b) D.A. Rs. 1,500 PM.
- (c) Bonus equal to one month's salary.
- (d) Children Education Allowance Rs. 300 PM (For two Children).
- (e) Hostel allowance Rs. 400 PM (For one Child).
- (f) Entertainment allowance Rs. 450 PM.
- (g) Travelling allowance Rs. 800 P M. Actual expense Rs. 6,750.
- (h) Fixed medical allowance Rs. 200 PM.

(2 × 15 = 30 marks)