

THIRD SEMESTER M.Com. DEGREE EXAMINATION, DECEMBER 2017

(CUCSS)

MC 3C 12—INCOME TAX LAW AND PRACTICE

(2015 Admissions)

Time : Three Hours

Maximum : 36 Weightage

Part A*Answer all the questions.**Each question carries 1 weightage.*

1. Define the term previous year.
2. Define the term Residential Status.
3. State the provision regarding set off of loss from house property.
4. Difference between AOP and BOI.
5. What are the functions of Income Tax Authorities ?
6. Explain the term protective assessment.

(6 × 1 = 6 weightage)

Part B*Answer any six of the following.**Each question carries 3 weightage.*

7. Difference between Exemptions and Deductions.
8. What are all the tax benefits available for Hindu Undivided family ?
9. Explain the various types of Agricultural Income.
10. "Income of a previous year will be charged to tax in the assessment year following the previous year". Discuss the exceptions to this general rule.
11. Enumerate eight transactions for which quoting of Permanent Account Number is mandatory.
12. Mr.Natraj, who is not covered by the payment of Gratuity Act, 1972 retires on December 25, 2013, from Nochchu Ltd., and receives Rs. 5,00,000 as gratuity after service of 36 years and 9 months. His salary is Rs.6,000 per month up to June 30, 2013 and Rs.7,000 per month from July 2013. Besides he gets D.A. Rs. 1,000 per month (70% of which is considered for service benefits).

Turn over

13. Find the taxable amount of Gratuity for the Assessment year 2014-15.
- (a) Pandian an employee of a company at Delhi (population above 25 lakhs) is in receipt of a monthly salary of Rs. 3,000 during the P.Y 2010-11. He also entitled for Bonus equal to 2 months salary and entertainment allowance of Rs. 300 p.m (W.E.F 1-4-64). He is provided with a rent free unfurnished accommodation owned by the company. Annual rental value of the same type of accommodation in the same locality is Rs. 10,000 Find out :
1. Perquisite value of the rent free accommodation.
 2. What will be the perquisite value if Pandian is an employee of S.B.I.
14. Mr. Krishna, a resident of Agra receives Rs. 1,92,000 as basic salary during the year 2014-15. In addition, he gets Rs. 19,200 p.a. as D.A forming part of pay, 7% commission on sales made by him (sales-8600) and Rs. 24,000 p.a as H.R.A. He pays Rs. 21,500 p.a as rent. Compute the house rent allowance exempt from Tax.

(6 × 3 = 18 weightage)

Part C

*Answer any two of the following.
Each question carries 6 weightage.*

15. Discuss the taxability of agricultural income under the Income Tax Act 1961. How will income be computed where an individual derives agricultural and non-agricultural income ?
16. Raman has following assets and liabilities as on 31st March, 2014. Compute his net wealth and wealth-tax liability for the assessment year 2014-15 :

	Market Value (In Rs.)
(i) Cash in hand	... 75,000
(ii) Cash at bank	... 10,00,000
(iii) Residential house	
(Loan taken to purchase this house 5,00,000)	... 45,00,000
(iv) Land in rural area (it is within 5 kms. from Delhi)	... 48,00,000
(v) Land in urban area	
(construction not permitted under the law, loan taken to purchase this land 3,00,000)	... 28,00,000
(vi) Motor car for personal use	... 14,00,000
(vii) Jewellery	... 6,00,000

(viii)	Aircraft for personal use		
	(Loan taken to purchase aircraft 20,00,000)	...	1,00,00,000
(ix)	Farm house situated within 20 kms.		
	from local limits of municipality	...	24,00,000
(x)	One let-out residential house given on rent throughout		
	The year (Loan taken to construct this house 2,00,000)	...	20,00,000

17. Mr. Lakshman acquired a plot of land on 30.6.1987 (CII:150) for Rs. 2,30,000 and spend Rs. 1,60,000 on its registration and brokerage. It is sold for Rs. 15,00,000 on 30.6.2002 (CII:447) and purchased a house for Rs. 4,00,000 on 01.08.2001. Find out Capital Gain.

(2 × 6 = 12 weightage)