

**A-9973**

**Sub. Code**

**4BCOE1A**

**B.Com. DEGREE EXAMINATION, APRIL 2021 &  
Supplementary/Improvement/Arrear Examinations**

**Fifth Semester**

**Commerce**

**Elective – INCOME TAX – I**

**(CBCS – 2014 onwards)**

Time : 3 Hours

Maximum : 75 Marks

**Section A**

(10 × 2 = 20)

Answer **all** the questions.

1. What is Income Tax?
2. How many heads are there under total income? Name them.
3. Define the term "Person".
4. What is mean by "Previous Year"?
5. Name the deductions allowed U/s 16 in the income Tax Act.
6. Give the meaning of "Standard Rent".
7. Define the term "Profession".
8. What do you mean by Block of Assets?

9. State the meaning of "Cost of Improvement".
10. What is TDS?

**Section B**

(5 × 5 = 25)

Answer **all** questions.

11. (a) Explain Income along with its features.

Or

- (b) How tax acts as a Source of Revenue to Government.

12. (a) Who is an Assessee? Describe the types of an Assessee.

Or

- (b) How will you decide the Residential Status of an Individual?

13. (a) From the following, Calculate Taxable Portion of HRA of Ms. Mithran working in Chennai

Basic salary       Rs. 10,000 pm

DA (forming part) Rs. 3,000 pm

HRA                 Rs. 2,000 pm

Actual Rent Paid Rs. 3,000 pm

Or

- (b) Calculate Annual Rental Value from the particulars given below:

Actual Rent           Rs. 7,000 pm

FRV                   Rs. 66,000 pa

MRV                   Rs. 60,000 pa

Standard Rent       Rs. 69,000 pa

Assessee could not realise rent for two months and house also remained vacant for 2 months during the previous year 2018-19.

14. (a) From the following P & L Account, Calculate Income from Business for the Assessment Year 2019-20.

Liabilities	Rs.	Assets	Rs.
To Rent	4,000	By Gross profit	25,000
To Salary	5,000	By business income	45,000
To Donation	8,000	By income from Lottery	25,000
To Depreciation	5,000		
To Income Tax	2,000		
To Patents (acquired before 1.4.2007)	14,000		
To Net Profit	57,000		
	95,000		95,000

- (i) Depreciation to be allowed Rs. 10,000
- (ii) An Expenditure of Rs. 1,500 approved by the IT authority is not shown in P and L Account.

Or

- (b) From the following information, Compute the Amount of Depreciation Allowable for the AY 2019-20.

WDV on furniture on 1.4.2018	1,10,000
Furniture purchased on 10.06.2018	15,000
Furniture purchased on 18.01.2019	20,000
Part of Furniture Sold in Feb, 2019	3,000
Rate of Depreciation	10%

15. (a) Compute the Taxable Capital Gain.

- (i) Cost of Acquisition of Residential House (2002-03) Rs. 3,50,000
- (ii) Sale Consideration on 5.10.2018 Rs. 13,00,000
- (iii) Commission paid to Broker Rs. 1,00,000
- (iv) Cost of Acquisition of a New House purchased in December 2018 Rs. 4,00,000

The Cost Inflation Index in 2002-03 was 105; 2017-18 was 272; 2018-19 was 280.

Or

- (b) From the following particulars, Calculate Income from Other Sources.

- (i) Rs. 25,000 interest from Post Office Savings Bank Account.
- (ii) Rs. 25,000 from 10% debenture of listed tea company.
- (iii) Rs. 4,000 interest received from National Development Bonds.
- (iv) Rs. 2,500 received as interest from debentures of a Co-operative Society.
- (v) 10% tax-free debentures of Chennai Municipal Corporation Rs.25,000

**Section C**

(3 × 10 = 30)

Answer any **three** questions.

16. Write the historical background of Income Tax Act.
17. Mr. Sankaralingam left India for the first time on 15<sup>th</sup> December 2018 and returned back to India on 2<sup>nd</sup> February 2019. Determine his Residential Status for the AY 2019-20.
18. Mr. Rosan is employed as an Engine Driver in Southern Railway. He is getting Rs. 7,500 p.m. as Basic Pay, Rs. 2,500 p.m. as Dearness Pay and Rs. 2,500 as Dearness Allowance. He received the following allowance also.
- (a) Rs. 1,650 as Running Allowance.
  - (b) Rs. 200 p.m per Child as Education Allowance for the education of his Two Sons.
  - (c) one of these sons is living in Hostel on whom Mr. John is spending Rs. 800 p.m. he is getting Rs. 500 p.m as Hostel Allowance to meet his son's hostel expenses.
  - (d) Rs. 250 p.m. as City Compensatory Allowance.
  - (e) Rs. 400 p.m. as Uniform Allowance, whole of it is spent for official purpose.
  - (f) Rs. 1,250 p.m. as House Rent Allowance, Mr. John has taken a house for his residence at Coimbatore and pays Rs. 1,550 p.m. as rent.
  - (g) He contributes 10% of his Basic Pay and Dearness Pay to his statutory provident fund and the southern railway also contributes a similar amount.

Compute the Salary Income of Mr. Rosan for the Assessment Year 2019-20.

19. Following is the income and expenditure account of Antony & Co, Chartered Accountants.

Calculate Income from Profession from the details given below.

Income and Expenditure Account

Expenditures	Rs.	Incomes	Rs.
Charity and Donation	1,00,000	Audit Fees	3,00,000
Subscription to Journals	2,000	Examination Fees	25,000
Institute Fee	4,000	Fee for other accounts work	40,000
Office Rent	5,000	Dividend from UTI	35,000
Drawings	50,000		
Electricity Bill	9,000		
Salary to Trainee	20,000		
Net income	2,10,000		
	4,00,000		4,00,000

Rs. 5,000 can be claimed as depreciation for office assets as per income tax provision.

20. What are the incomes that can be taxed under the head Other Sources? Explain briefly.