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Name.....

Reg. No.....

SIXTH SEMESTER U.G. DEGREE EXAMINATION, MARCH 2022

(CUCBCSS—UG)

B.Com.

BCM 6B 12—INCOME TAX LAW AND PRACTICE

(2014 to 2016 Admissions)

Time : Three Hours

Maximum : 80 Marks

Part I*Answer all questions.**Each question carries 1 mark.*

I. Choose the most appropriate answer from the following :

- 1 An example of casual income is ———.
 - (a) Dividend.
 - (b) Winning from lottery.
 - (c) Royalty.
 - (d) Bonus.
- 2 Gratuity received by a government employee is ———.
 - (a) Fully taxable.
 - (b) Partly taxable.
 - (c) Fully exempt.
 - (d) 50 % taxable.
- 3 The rent fixed under the Rent Control Act is called ———.
 - (a) Standard rent.
 - (b) Annual rent.
 - (c) Actual rent.
 - (d) Fair rental value.
- 4 Depreciable assets are considered as ——— asset always for the computation of capital gain.
 - (a) Long term.
 - (b) Short term.
 - (c) Both long term and short term.
 - (d) All of these.
- 5 Loss in speculation business which could not be set off in the same assessment year can be carried forward for ——— years.
 - (a) 3.
 - (b) 4.
 - (c) 5.
 - (d) 8.

Turn over

- 6 A person who is bound to pay tax in respect of the income of another one is called _____.
- 7 Pre-construction period interest can be deducted in _____ instalments.
- 8 Agricultural income is taxable when it exceeds _____.
- 9 Long term capital gain is taxable at the rate of _____.
- 10 Donations made during the previous year are deductible U/S _____.

(10 × 1 = 10 marks)

Part II

*Answer any **eight** questions.
Each question carries 2 marks.*

- 11 Define previous year ?
- 12 What do you mean by total income ?
- 13 Explain Section 87A.
- 14 What do you mean by annual accretion ?
- 15 What are perquisites ?
- 16 What is cost of acquisition ?
- 17 Briefly explain clubbing of income ?
- 18 What do you mean by intra head set-off ?
- 19 How deduction is allowed u/s 80TTA.
- 20 Define agricultural income ?

(8 × 2 = 16 marks)

Part III

*Answer any **six** questions.
Each question carries 4 marks.*

- 21 What do you mean by Accelerated assessment ? Explain the situations.
- 22 What is aggregation of income ? Explain the contexts of aggregation of incomes.
- 23 Mr. A was born in India in 1987. From 2007 to 2017 he was in Canada. From 01/04/2017 to 31/03/2018 he was in India. From 01/04/2018 to 31/03/2020 he was in Australia. On 01/04/2020 he came to India and is staying in India. What will be his residential status in India, for the previous year 2020-21 ?
- 24 Mr. Amal retired from service on 31.03.2021 after serving 34 years and 9 months. At the time of retirement his basic salary was ₹ 48,500 per month and DA ₹ 20,000 per month (not forming part of pay). He was also getting commission of ₹ 10,000 per month. At the time of retirement he was paid death cum retirement gratuity ₹ 16,00,000. Compute taxable amount of gratuity for the previous year 2020-21, if he is covered under Payment of Gratuity Act 1972.

25 From the following information compute income from house property :

	₹
Municipal valuation	... 1,50,000
Standard rent	... 1,60,000
Fair rental value	... 1,80,000
Actual rent	... 13,000 per month.

Interest on loan taken for repairing the property ₹ 40,000

Municipal taxes @ 5 % paid by the owner.

26 The following information relate to the income of Mr. X during the year 2020-21 :

- 1 Agricultural income from Sikkim ₹ 50,000.
- 2 Amount received from sub-letting half of his rented house ₹ 10,000 (municipal taxes paid for the house ₹ 2,000).
- 3 Dividend from an foreign company engaged in agricultural activities ₹ 11,50,000.
- 4 Dividend from a foreign company ₹ 2,00,000.
- 5 Income from consultancy services ₹ 1,00,000
- 6 Income stone quarry in Kerala ₹ 1,50,000 (expenses in connections with stone extraction ₹ 1,00,000).
- 7 Agricultural income from USA ₹ 1,00,000.
- 8 Received ₹ 35,000 as lottery winnings.

Compute income from other sources.

27 From the following information compute capital gain for the year 2020-21 :

	<i>House</i>
Date of purchase :	... 02-05-1997
Purchase price	... 3,80,000
Cost of additional construction in 1999	... 20,000
Cost of additional construction in 2013-14	... 3,00,000
FMV on 01-04-2001	... 3,50,000
Sold the property on January 2021	... 15,00,000
Selling expenses	... 25,000

CII 2001-02-100, 2013-14-220, 2020-21-301.

28 The following particulars are submitted by Mr. A regarding his income during the year 2020-21 :

- 1 Salary income ₹ 2,00,000.
- 2 Income from house property ₹ 2,70,000 (gross).
- 3 Long term capital gain ₹ 30,000.
- 4 Interest income ₹ 1,30,000.
- 5 Current year loss from business ₹ 50,000.
- 6 Repayment of house building advance ₹ 60,000.
- 7 Medical insurance premium paid ₹ 27,000.
- 8 Approved donations ₹ 20,000

Compute his total income for the year 2020-21.

(6 × 4 = 24 marks)

Turn over

Part IV

*Answer any two questions.
Each question carries 15 marks.*

- 29 Explain the provision regarding set-off and carry forward of losses while computing the total income
- 30 Mr. Alex joined a company in Delhi, on 01/06/2020. His monthly emoluments included: Basic pay ₹ 25000, D.A pay ₹ 10,000 and Bonus ₹ 50,000.TA ₹ 1,000 per month and uniform allowance ₹ 600, EA ₹ 1,000 per month (spent the whole amount for the purpose). His perquisites were :
- (1) Furnished accommodation owned by the employer and provided free of cost ; Value of furniture there is ₹ 3,00,000 ;
 - (2) Motor car owned by the company (small, with driver) for official and personal use ;
 - (3) Sweeper's salary paid by the company ₹ 1,500 per month ;
 - (4) Educational facility for 2 children provided free of cost. The school is owned and maintained by the company; annual cost amounted to ₹ 10,000 per child.
 - (5) Interest free housing loan ₹ 5,00,000 repayable within 7 years given on 1.10.2020. No repayment was made during the year. (SBI interest rate 14 %).

Compute the income from salaries for the year 2020-21 assuming that the employer has deducted professional tax ₹ 2,500 and income tax ₹ 1, 20,000 from his salary, during the year 2020-21.

- 31 Mr. A gives the following details of income, compute total income,during the year 2020-21 :
- (a) Business income ₹5,00,000.
 - (b) Long term capital gain on transfer of gold ₹ 1,00,000.
 - (c) Short term capital gain on transfer of equity shares ₹ 30,000.
 - (d) Interest on debentures ₹ 27,000.
 - (e) Salary and bonus received ₹ 30,000 per month (20,000 + 10,000).
 - (f) Current year house property loss ₹ 2,50,000.

He made the following donations during the previous year :

1. Zillasaksharathasamithy ₹ 5,000.
2. Africa fund ₹ 8,000.
3. Welfare fund of Indian Army ₹ 10,000.
4. Approved charitable trust ₹ 60,000.
5. Approved university for national eminence ₹ 7,500.
6. Government of India for promotion of family planning ₹ 10,000

During the year he paid for the maintenance of his disabled dependent sister ₹ 20,000 and ₹ 10,000 tuition fee of two children.

(2 × 15 = 30 marks)