

## SIXTH SEMESTER B.Com. DEGREE EXAMINATION, MARCH/APRIL 2016

(UG—CCSS)

Core Course

BC 6B 12—INCOME TAX LAW AND PRACTICE

Time : Three Hours

Maximum : 30 Weightage

I. Objective type questions. Answer *all* questions :

(A) Choose the correct answer :

1. Income tax is levied on :

- |                        |                      |
|------------------------|----------------------|
| (a) Monthly basis.     | (b) Quarterly basis. |
| (c) Half-yearly basis. | (d) Yearly basis.    |

2. Number of digits in a PAN card are :

- |         |         |
|---------|---------|
| (a) 9.  | (b) 8.  |
| (c) 10. | (d) 12. |

3. In HRA, Salary includes :

- |                   |                 |
|-------------------|-----------------|
| (a) Basic salary. | (b) Commission. |
| (c) A and B both. | (d) Allowances. |

4. Miscellaneous income is clubbed to :

- 11 What is direct tax ?  
 12 What is FRV ?

(12 × ¼ = 3 weightage)

II. Short answers type questions. Answer all *nine* questions in one or two sentences each :

- 13 Who is an Assessee ?  
 14 What is an assessment year ?  
 15 What do you mean by Casual Income ?  
 16 What do you mean by short term capital gains ?  
 17 Who is a resident ?  
 18 What do you mean by Income from salary ?  
 19 What is the Gross Total Income ?  
 20 Write any *five* taxable allowances ?  
 21 What do you mean by a financial year ?

(9 × 1 = 9 weightage)

III. Short essays. Answer any *five* questions. Each question carries a weightage of 2 :

- 22 Write any *five* deductions under Section 80 C of Income Tax Act, 1961.  
 23 What is partly agriculture income ? Give examples.  
 24 What do you mean by the annual value of house property ? How it can be determined ?  
 25 Compute gross salary from the information given below, if he is living in a rented house at Delhi and D.A. enters into pay for services benefits and rent paid is Rs. 2,500 p.m.
- 1 Salary—Rs. 7,000 p.m.
  - 2 D.A.—Rs. 2,000 p.m.
  - 3 C.C.A.—Rs. 250 p.m.
  - 4 H.R.A.—Rs. 2,000 p.m.
  - 5 Commission on turnover achieved by him—Rs. 5,000.
- 26 Mr. Sangeeth has been provided with a car (1800 cc) facility to be used both for official purpose as well as for private use. Expenses on this car are :
- Petrol—Rs. 60,000.
  - Driver—Rs. 48,000.
  - Insurance—Rs. 40,000.
  - Cost of Car—Rs. 8,00,000.

He also pays Rs. 500 p.m. to his employer for the private use of the car. Find out the taxable value of perquisites.

- 27 Mr. Faizal is the owner of following 1 let out and 1 self occupied house properties. Find out the net annual value for the Assessment Year 2015-16.

	A	Self Occupied
Municipal rental value ...	30,000	90,000
Fair rental value ...	32,000	—
Standard rent ...	34,000	—
Actual rent received ...	38,000	—
Municipal taxes - paid ...	2,000	9,000
Municipal taxes - due ...	2,000	—

- 28 Mr. X sells agricultural land situated in an urban area for Rs. 10,31,000 (brokerage 2%) on March 31<sup>st</sup>, 2015. (Cost of acquisition 70,000 on March 1<sup>st</sup>, 1987, it was used for agricultural purposes since 1990). On April 6, 2015 he purchased the following assets :—

- (a) Agricultural land : Rs. 1,50,000  
 (b) A residential house property : Rs. 5,00,000.

Find out the capital gains chargeable to tax for A.Y. 2015-2016. CI Index for 2014-15 is 1024 and for 1986-87 it was 140.

(5 × 2 = 10 weightage)

IV. Essay questions. Answer any *two* questions; each question carries a weightage of 4 :

- 29 Examine the steps applicable to computation of total income and tax liability of individuals ?  
 30 Mr. Dravid provided the following information about his salary income. He is working in a company at Ranchi (population 15 lakhs).

Basic Salary—Rs. 12,000 p.m.

Profit Bonus—Rs. 12,000

Commission on turnover achieved by Mr. Dravid—Rs. 42,000.

Entertainment allowance—Rs. 2,000 p.m.

Club facility—Rs. 6,000.

Transport allowance—1,000 p.m.

Free use of car of more than 1.6 litres capacity. It is for both personal and employment purpose. The expense is met by the employer.

Free education facility for two children of the employee. (Bills issued in the name of the employer)—Rs. 22,500.

Gas water and electricity of employer—Rs. 16,800.

Compute income from salary for the A. Y. 2015—16.

Turn over

31 A house was completed on April 1, 2014 and following information is available about this house.

Municipal value of the house—Rs. 30,000 p.a.

Fair rental value of the house Rs. 32,000 p.a.

Actual Rent—Rs. 4,000 p.a.

Municipal Taxes—Rs. 6,000 p.a.

The house was let-out for a period 1-4-2014 to 31-12-2014 and self occupied from 1-1-2015 onwards.

Fire insurance premium—Rs. 3,600.

Land revenue—Rs. 6,000.

Interest on loan for the period :

(a) 1-4-2011 to 31-3-2014—Rs. 45,000.

(b) 1-4-2014 to 31-3-2015—Rs. 15,000.

Calculate the income from house property for the P. Y. ending on 31-3-2015.

(2 × 4 = 8 weightage)