SIXTH SEMESTER B.Com. DEGREE EXAMINATION, MARCH/APRIL 2015

(U.G.—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 The rate of income tax is fixed by :

    (a) Income tax Act.   (b) Finance Act.

    (c) Companies Act.   (d) Factories Act.

2 Rate of tax on lottery winnings is :

    (a) 10 %.   (b) 20 %.

    (c) 30 %.   (d) 15 %.

3 Deduction for donation is :

    (a) 80 C.   (b) 80 D.

    (c) 80 E.   (d) 80 G.

4 Directors fees is an example of :

    (a) Income from salary.

    (b) Income from business.

    (c) Income from other sources.

    (d) None of these.

(B) Fill in the blanks :

5 Income earning year is called ————.

6 Capital gain arises from the ———— of capital asset.

7 Dividend received from domestic company is ———— from tax.

8 The inclusion of other person's income in the income of an individual is called ————.

(C) Answer in one word :

    9 What is the maximum amount of deduction under section 80 C ?

   10 What is the most important section the Income Tax Act ?

   11 What is the rate of standard deduction from net annual value ?

   12 What is the year of Income Tax Act ?

                                                   $(12 \times \frac{1}{4} = 3$ weightage)

II. Short Answer type questions.Answer all *nine* questions :

   13 Define Assessment Year.

   14 What is casual income ?

   15 How will you Gross up winnings from lottery ?

   16 What is section 80 D ?

   17 Define Annual Value.

   18 What is LTCG ?

   19 Why income from other sources is called residuary head of income ?

   20 Mr. B has a total income of Rs. 3,20,000 including Rs. 1,00,000 lottery winnings for the Assessment Year 2013 -- 2014. Find out tax payable by him.

   21 Mr. H, a foreign cricketer comes to India for 100 days every year since the financial year 2002 -2003. Find out his Residential status for the A/Y 2013 -2014.

                                                   $(9 \times 1 = 9$ weightage)

III. Short essay *or* Paragraph questions. Answer any *five* questions :

   22 Mention eight items of incomes which are exempt from tax.

   23 Explain the provisions relating to the clubbing of income.

   24 Mr. X came to India for the first time on 1st November 2011. During his stay in India up to 30th October, 2012 he stayed at Mumbai upto 10th May, 2012, and thereafter remained in Bangalore till his departure from India. Determine his residential status for the A/Y 2013-14.

   25 After serving for 33 years and 9 months in Bharat Chemicals Ltd., Mr. X who is covered under the Payment of Gratuity Act retires from service on 30th November, 2012. The employer pays him a gratuity of Rs. 9,00,000. His monthly basic salary at the time of retirement was Rs. 30,000, D.A. Rs. 9,000 and HRA Rs. 4,500.

      You are required to determine the amount of gratuity exempt under section 10 (10) of I.T. Act.

26. A deduction of Rs. 50,000 was allowed to Mr. X in the A.Y. 2009-10 relating to unrealized rent. During the P.Y. 2012-13 he realized Rs. 40,000 from the tenant and spent Rs. 10,000 for this realization. Determine the amount assessable under the head Income from House Property for the A.Y. 2013-14. Would your answer be different if Mr. X had disposed off the house in 2011-12.

27. Mr. Sharma sells his only residential house in Mangalore on 24th August, 2012 for Rs. 45,00,000 and incurs an expenditure of Rs. 70,000 in connection with the transfer. Cost of acquisition of the house for him in 1978 was Rs. 1,80,000 and on 1/4/1981 the fair market value was Rs. 4,00,000. On 16th January, 2013 he purchased a residential house in Mangalore for Rs. 5,00,000 and deposited Rs. 1,00,000 in the Capital Gain Account Scheme. Compute the taxable capital gain for A.Y. 2013-14. The CII for 1981-82 was 100 and for 2012-13 it is 852.

28. Mr. Basu received the following incomes during 2012-13. Compute taxable income under the Income from other sources separately for each case.

				Rs.
A	1	Winnings from Sikkim lottery	...	14,000
	2	Winnings races from horse races	...	2,000
	3	Winnings from crossword puzzle	...	4,000
B	1	Winnings from lottery	...	2,000
	2	Winnings from horse races	...	21,000

(5 × 2 = 10 weightage)

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

29 Explain the provisions regarding set off and vary forward of losses.

30 Mr. Sunil is purchase officer in a company in Kota (population exceeding 25 lakh). Compute his taxable income from salary for the A.Y. 2013-14.

    (i) Net basic salary Rs. 1,20,000 which is after deducting Rs. 2,000 for income tax, Rs. 10,000 as contribution to RPF and rent of the bungalow Rs. 3,600.

        (ii) Bonus Rs. 1,800.

(vi) He has been provided with a large car for official and personal use. The maintenance and running expenses of the car (including driver) are borne by the company.

(vii) The following amounts were deposited in his P.F. account: (a) own contribution Rs. 10,000 (b) companys contribution Rs. 10,000 (c) interest at 9.5 % p.a. Rs. 9075.

31. From the following compute tax payable by Mr. X for the A.Y. 2013-14.

			Rs.
1	(i)	Equity shares purchased on 19.6.2011	18,520
	(ii)	Sold these shares in recognized stock exchange on 15.12.2012	25,400
	(iii)	Paid brokerage Rs. 300 and securities transaction tax	50
2	(i)	Equity shares purchased on 8.5.2012	1,00,000
	(ii)	Sold these shares in recognized stock exchange on 6.2.2013	1,50,000
	(iii)	Paid brokerage Rs 1500 and S.T.T	300
3	(i)	Equity shares purchased on 9.5.1984	40,000
	(ii)	Company purchased its own shares during P.Y. from shareholders and paid to Mr. X for his holdings	3,20,000
4		Other income	2,00,000

CII -1984-85, 2011-12 and 2012-13 was 125, 785 and 852 respectively.

(2 × 4 = 8 weightage)