



K19U 0660

Reg. No. :

Name :

IV Semester B.Com. Degree (CBCSS – Reg./Supp./Imp.)
Examination, April 2019
(2014 Admission Onwards)
Core Course
4B07COM : INCOME TAX LAW AND PRACTICE – I

Time : 3 Hours

Max. Marks : 40

PART – A

Answer **all** questions. **Each** carries $\frac{1}{2}$ marks.

1. Sec.5 of the Income Tax Act deals with
2. Which of the following is not a capital asset ?
 - a) Motor car for personal use
 - b) Jewellery
 - c) Shares
 - d) Bullion
3. Winning from lottery will be taxed at _____ % rate.
4. Pension is taxable under which head of income ? (4× $\frac{1}{2}$ =2)

PART – B

Answer **any four** questions. **Each** carries **one** mark.

5. Define Assessment year.
6. What do you mean by allowances ?
7. Who is a non-resident individual ?
8. What do you mean by standard rent ?
9. What is Block of Assets ?
10. What is CII ? (4×1=4)

P.T.O.



PART – C

Answer **any six** questions. **Each** carries **three** marks.

11. Explain expenses expressly disallowed.
12. Explain the circumstance when the cost of the previous owner is deemed to be the cost of acquisition.
13. Explain tax-free perquisites.
14. The net profit of Mr. Sulaiman as per his Profit and Loss A/c after charging the following items was Rs. 2,40,000. His other incomes was as follows :

| | |
|-----------------------------|--------------|
| a) Interest on capital | Rs. 20,000 |
| b) Salary to staff | Rs. 1,16,000 |
| c) Office expenses | Rs. 3,000 |
| d) Bad debts written off | Rs. 13,000 |
| e) Provisions for bad debts | Rs. 10,000 |
| f) Provision for income tax | Rs. 16,000 |
| g) Donation | Rs. 10,000 |
| h) Depreciation | Rs. 17,000 |

Depreciation allowable as per the Act is only Rs. 12,000. Compute his income from business.

15. Nixon, an American citizen, was appointed a senior scientific officer in India on 1st April 2006, on 31st January, 2014 he went to Uganda on deputation for a period of 3 years, but left his wife and children in India. On 31st May, 2015 he came to India and took with him his family to Uganda on 30th June 2015. He returned to India and joined his original job on 2nd February, 2017. What would be the residential status of Nixon for income tax purpose for the Assessment year 2017 – 18 ?
16. 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, 2016. 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 H.R.A. Rs. 4,500. You are required to determine the amount of gratuity exempt under Section 10(10) of the Income Tax Act.

17. Determine the annual value of the house in the following cases :

Expected Rent Rs. 1,00,000

House let out @ Rs. 10,000 p.m.

House tax paid by owner by owner Rs. 9,000 (10% of M.V)

House remains vacant for 1 month.

18. From the following informations compute the exempted amount of House Rent allowance of Mr. Ram who resides at Kanpur.

| | | |
|---------------------------|-------|----------|
| Salary per month | 4,500 | |
| H.R.A. received per month | 525 | |
| Rent paid per month | 300 | (6×3=18) |

PART – D

Answer **any two** questions. **Each** carries **eight** marks.

19. List of incomes which are exempt from tax.

20. The following incomes are received by Mrs. Annapurna during the financial year 2016 – 17.

| | |
|--|-----------|
| a) Honorarium received for writing articles in Magazines | Rs. 1,000 |
| b) Income from agriculture in Sri Lanka | Rs. 2,500 |
| c) Ground rent from land in Gwalior | Rs. 5,000 |
| d) Interest on P.O.S.B A/C | Rs. 1,000 |
| e) Interest on deposits with Industrial Finance Corporation | Rs. 250 |
| f) Dividend from foreign company | Rs. 350 |
| g) Rent from letting of building along with plant | Rs. 2,000 |
| h) Repairs to above said plant | Rs. 100 |
| i) Winnings from horse race | Rs. 2,000 |
| j) Interest on Rs. 72,000, 10% Tax-Free debentures (listed) of Aravind Co. | |

You are required to calculate Income from other sources of Mrs. Annapurna for the A.Y. 2017 – 18.



21. From the following information compute the capital gains for the assessment year 2017 – 18.

| | House I | House II |
|--|-----------|-----------|
| Date of purchase | May, 1977 | Dec. 1980 |
| Cost of acquisition | 1,90,000 | 2,50,000 |
| Cost of additional construction in 1980 | 10,000 | 25,000 |
| Fair market value on 1 st April, 1981 | 1,75,000 | 3,50,000 |
| Cost of additional construction in 1994 – 95 | 51,800 | 77,700 |
| Sale proceeds of property in 2016 – 17 | 24,00,000 | 44,00,000 |
| Cost inflation index are : | | |
| 1981 – 82-100 | | |
| 1994 – 95-259 | | |
| 2016 – 17-1,125 | | |

(8×2=16)