K20U 0939

Reg. No. : ....

Name : ....

IV Semester B.Com. Degree (CBCSS – Reg./Sup./Imp.) Examination, April 2020
(2014 Admn. Onwards)
Core Course
4B07 COM : INCOME TAX LAW AND PRACTICE – I

Time : 3 Hours   Max. Marks : 40

PART – A

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

1. Gross Total Income as reduced by _____ is called Total Income.

2. C.C.A. stands for _____

3. The standard deduction available under Section 16(i) is _____

4. The dividend received from Indian Companies is _____   (4× $\frac{1}{2}$ =2)

PART – B

Answer **any four** questions. **Each** question carries **1** mark.

5. Define Person.

6. What do you mean by unabsorbed depreciation ?

7. State four items of income exempt from tax.

8. What are Short Term Capital Assets ?

9. What is transferred balance ?

10. What is meant by Negative Annual Value ?   (4×1=4)

PART – C

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

11. Differentiate Less Tax and Tax Free Commercial securities.

12. Explain the tax treatment of House Rent Allowance.

13. Explain the deduction available under 'Income from Other Sources'.

14. Sivakumar an Indian citizen, leaves India to USA for a job on 21-09-2018. What will be his residential status for the Assessment Year 2019-20, if he has never left India earlier ?

15. Mr. Prakash retires in September, 2018 after having put in 42 years of service in a company. His average salary for 10 months preceding September, 2018 is Rs. 50,000 per month. He receives a gratuity of Rs. 12,50,000. Compute his taxable gratuity.

16. Compute Taxable income from house property from the following particulars :

	Rs.
Fair Market Rent	80,000
Actual rent	72,000
Municipal valuation	50,000
Standard rent	60,000
Municipal Taxes	20%
Interest Paid	18,000

17. Mr. X purchased a capital asset on 10th August, 2015 for Rs. 1,00,000. He converted this capital asset into stock-in-trade as on 2nd May, 2018. On 2nd May, 2018 the fair market value of the asset was Rs. 2,50,000. He sold this stock in December, 2018 for Rs. 3,25,000.

State the position of taxable income of Mr. X for the Assessment Year 2019-20.

18. Compute Income from other sources of Mr. Arun from particulars given below for the Assessment Year 2019-20 :

	Rs.
a) Interest (gross) on deposit with a company	10,000
b) University remuneration for working as an examiner	8,000
c) Royalty for writing books	80,000
He claims to have spent Rs. 20,000 on writing these books	
d) Family pension received	48,000

(6×3=18)

PART – D

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

19. Explain twelve items of income which comes under the head 'Income from Other Sources'.

20. Compute Taxable salary of Smt. Gopi Devi of Kanpur for the Assessment Year 2019-20 from the following particulars :

   i) Basic salary Rs. 16,000 p.m.

   ii) Dearness allowance Rs. 4,000 p.m. (as per the terms of employment)

   iii) Bonus Rs. 16,000 p.a.

   iv) Rent-free accommodation provided by the employer at Kanpur (population exceeding 25 lakh), the fair rental value of which is Rs. 60,000 p.a. The cost of the furniture provided there in Rs. 20,000

   v) Entertainment allowance Rs. 1,000 p.m.

   vi) Her contribution to Recognized Provident Fund is at 15%.

   vii) Employer's contribution to Recognized Provident Fund is Rs. 30,000 p.a.

   viii) Interest on Recognized Provident Fund balance at 9.5% p.a. is Rs. 19,000.

   ix) Free use of a large Motor car for both official and personal purposes. Driver is also provided by the employer.

21. The Net profit of Mr. Sulaiman as per his Profit and Loss A/c after charging the following items was Rs. 3,40,000 :

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

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

(2×8=16)