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G – 2610

Reg. No. :

Name :

Second Semester B.Com. Degree Examination, May 2019
Career Related First Degree Programme Under CBCSS
2(a) – COMMERCE AND TAX PROCEDURE AND PRACTICE
Vocational Course II : CX 1271
INCOME TAX LAW AND PRACTICE I

(2018 Admn)

Time : 3 Hours

Max. Marks : 80

SECTION – A

Answer **all** questions in **one** word to maximum **two** sentences. Each question carries **1** mark.

1. What is the maximum marginal rate of tax?
2. Who is a person?
3. What is assessment year?
4. Who is an assessee in default?
5. What is tax free salary?
6. Encashment of earned leave during service. Is it taxable?
7. Write the name of one fully exempted allowance.
8. What is RRV?
9. Write the names of heads of income.
10. What is SPF?

(10 × 1 = 10 Marks)

P.T.O.

SECTION – B

Answer any **eight** questions in **one** paragraph. Each question carries **2** marks.

11. What are the differences between direct tax and Indirect tax?
12. State the period of previous year in the case of the following assesses for the Assessment year 2018-2019.
 - (a) Mr.Kanakraj has newly set up business on 1-9-2017.
 - (b) Mr.Sundarraaj has newly set up business on 31-12-2017.
 - (c) Mr. Palanimuthu has newly set up business on 1-2-2018.
13. What is gross total Income?
14. What are the basic principles to be followed while charging Income tax?
15. Define assessee.
16. Determine the legal status of the following.
17. What are the rules relating to commuted pension?
18. Write the names of partially exempted allowances.
19. Write any five tax free perquisites.
20. What is annual value?
21. What is composite rent?
22. "X" owns a house comprising three residential units. All the units are let out on a rent of 500 p.m. each. Municipal value of the property is 15,000 and the standard rent is 18,500. Expenses incurred are: Municipal taxes (due) 3,000; repairs 6,000; ground rent due 800. Determine the income from the house property.

(8 × 2 = 16 Marks)

SECTION – C

Answer **six** questions not exceeding **120** words. Each question carries **4** marks.

23. Income earned during the previous year is normally charged to tax in the financial year next following it. What are the exceptions to this rule?
24. Mr.Lenin, a Russian National came to India on 1st April 2014 and on that date he joined as a senior officer. On January 31st 2015 he went to Syria on deputation for a period of three years but leaves his wife and children in India. On 3rd May 2016, he returns to India and leaves India along with his family on June 30, 2016. On 2nd Feb 2018, he returns to India and joined in the original post. Determine his residential status for the assessment year 2018-19.

25. The following are the details of income of Mr. Bimal Basu :
- Income of ₹ 2,000 accrued In Canada but received in India.
 - ₹ 5,000 earned in India but received in Canada.
 - House property income (computed) from Srilanka ₹ 2,000.
 - ₹ 5,000 were earned in Africa and received there.
- Compute the total income of "Bimal Basu" if he is (i) resident and (ii) Non resident.
26. Certain relief is provided by the Act of Indian Citizens for determining the residential status who go abroad for certain purposes. What are they?
27. Define agricultural Income.
28. What are the receipts included under salary?
29. Mr. Roy, who is not covered by the payment of gratuity Act 1972, retires on 22nd December 2017 from PQR Ltd and receives ₹ 2,86,000 as gratuity after service of 34 years and 10 months. Average monthly salary of 10 months ending November 30th 2017 is ₹ 17,200. What amount of gratuity will be exempt from tax?
30. During the previous year, an employee of a company in Mumbai received ₹ 72,000 as salary and ₹ 24,000 as DA and ₹ 38,400 as H.R.A. Determine the taxable amount of H.R.A if the actual rent paid by him for the house occupied by him during the year was ₹ 12,000. What would have been the picture, had he not paid any rent and the house is being owned by him. Calculate his gross salary.
31. Mr.Raman is a private employee whose annual salary is ₹ 80,000. His employer allows him a rent free furnished house and pays a lease rent of ₹ 30,000 per annum for the unfurnished house. The cost of furnishing the house was ₹ 20,000. He deducts ₹ 500 p.m. from Mr.Ramans salary for this. Find out the value of perquisites?

(6 × 4 = 24 Marks)

SECTION – D

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

32. What are provident funds? Explain the Income tax rules relating to different types of provident funds.
33. Sri. Rakesh is the manager of the company In Kannur. He received ₹ 28,000 as basic salary for every month, ₹ 1,000 as entertainment allowance, and ₹ 6,000 as dearness allowance.

He owns his own house but the company provided him the following amenities.

- (a) A Gardner, a sweeper, a watchmen and a domestic servant each of whom are paid ₹ 300, ₹ 400, ₹ 2,200 and ₹ 1,200 respectively.
- (b) Free use of refrigerator worth ₹ 16,800 from 1st September 2017. The company met ₹ 800 on its repair during the previous year.
- (c) The company paid the following obligation of the employee.
 - (i) Gas, electricity and water ₹ 30,000
 - (ii) Annual membership fee ₹ 2,000
- (d) The company provided him the facility of large car. The car is used for private and office purposes. The company meets all expenses including driver's salary.
- (e) Employee's son is studying in employer's school. The annual expense incurred by the company per student is ₹ 11,000. If the employee sends his son in a similar school, then he is liable to pay ₹ 6,000 during this year.
- (f) As per the guidelines of the Central Govt, the company allotted 300 shares of ₹ 200 each, whereas the market price per share on the date of acceptance of the offer was ₹ 240.
- (g) He proceeded on leave to Bangalore. He stayed in the Govt guest house of the company. So he is able to save ₹ 10,000 on account of accommodation. Calculate his gross salary for the assessment year 2018-19.

34. Mr. Roy owns a house property. Its annual letting value is ₹ 40,000 and it let out to a tenant on a monthly rent of ₹ 5000 p.m. He also paid the following expenses in connection with this house property.

- (a) Municipal tax ₹ 6,500
- (b) Expenses for the recovery of the rent ₹ 400.
- (c) Maintenance allowance paid to his stepmother ₹ 7500 annually which was a charge on the property according to his fathers will.

The house remained vacant for two months during the previous year. Compute the income from house property for the assessment year 2018-19.

35. What is meant by perquisites? Explain important perquisites taxable in the case of specified employees.

(2 × 15 = 30 Marks)