Reg. No. : ....

Name : ....

Third Semester B.Com. Degree Examination, November 2014
(Career Related First Degree Programme under CBCSS)
Commerce &Tax Procedure and Practice
Vocational Course – III
CX 1371 : INCOME TAX LAW AND ACCOUNTS – I
(2013 Adm.)

Time : 3 Hours   Max. Marks : 80

SECTION – A

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

1. Who is a deemed assessee ?

2. What is tax evasion ?

3. Define Perquisite.

4. What is casual income ?

5. What is Annual Value ?

6. What is Composite Rent ?

7. What is MAT ?

8. What is GTI ?

9. What is a Block of Asset ?

10. What is Unabsorbed depreciation ?   (10×1=10 Marks)

SECTION – B

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

11. Explain the tax treatment of unrecognized Provident Funds.

12. How will you value perquisites in respect of motor car ?

13. Distinguish between GTI and TI.

14. Sivakumar an Indian citizen leaves India to USA for a job on 21-09-2013. What will be his residential status for the assessment year 2014-15 if he has never left India earlier?

15. Mr. R retires from a company on 4th January 2014 after serving 16 years. At the time of retirement his basic salary was Rs. 17,600 per month and he was also entitled to Dearness Allowance of Rs. 3,200 per month. On the retirement he received Rs. 2,40,000 as gratuity. He is covered under Gratuity Act.

    Compute taxable part of gratuity.

16. Explain residential status of Hindu Undivided Family.

17. From the following information of Nagaraj, compute the taxable HRA:

Basic salary	:	Rs. 6,000 p.m.
Dearness Allowance	:	Rs. 1,000 p.m
HRA	:	Rs. 800 p.m.
Actual rent paid	:	Rs. 1,200 p.m

18. Explain the treatment of expenditure on scientific research while computing business income.

19. What are the allowances which are fully exempt from tax?

20. What are the deductions from annual value?

21. What are the items chargeable under the head 'profits and gains of business or profession'?

22. What is the relation between Finance Tax and Income Tax Act? **(8×2=16 Marks)**

SECTION – C

Answer **any six** questions. Answer **not** to exceed **120** words. **Each** question carries **4** marks.

23. How will you determine residential status of individuals?

24. Write a note on house property incomes exempt from income tax.

25. What are the various deductions under the head 'Income from salary'?

26. Mr. Nishanth is employed in a town (population 13 lakhs). He received the following emoluments during the previous year 2013-14:

Basic salary	:	Rs. 8,000 p.m.
DA	:	Rs. 2,000 p.m. (40% enters into retirement benefits)
Bonus	:	Rs. 8,000 p.a.
Commission	:	Rs. 4,500 p.a.
EA	:	Rs. 500 p.m.

    The Fair Rental Value of the rent-free house provided by the employer Rs. 40,000 pa, value of furniture provided Rs. 20,000.

    Compute the value of rent free house.

27. Compute taxable income from house property from the following particulars.

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

28. X retires from service on 30th November, 2013 and he is in receipt of Rs. 9,000 pm as pension up to 31st January, 2014 payable on the last day of each month. On 1st February 2014, he gets two-third of his pension commuted for Rs. 4,80,000. Determine the chargeable pension in case he is a former employee of
   a) Central Government
   b) Punjab Government
   c) ABC Ltd. assuming he is not in receipt of gratuity.

29. Mr. Hayens, a West Indian came to India for the first time on 10-01-2010 and left for Australia on 15-09-2010. He again came to India on 01-05-2013 to leave for South Africa on 15-07-2013. Determine his residential status for the PY 2013-14.

30. Mr. M started the construction of his house on 01-06-2006 and for this he took a loan of Rs. 2,00,000 @ 13.5% p.a from Bank. He took another loan of Rs. 6,00,000 on 01-04-2009 to complete the house. The construction was completed on 30-11-2009 and was self-occupied from 01-12-2009.

   Compute his income under the head house property for the AY 2014-15.

31. Write an essay on tax free perquisites. **(6x4= 24 Marks)**

SECTION – D

Answer **any two** questions. Answer **not** to exceed **four** pages. **Each** question carries **15** marks.

32. From the following informations, compute the salary income of Mr. Haridas for the AY 2014-15 :

Salary	:	Rs. 5,500 pm
HRA	:	Rs. 2,400 pm
Dearness allowance	:	Rs. 5,000 pm
Entertainment allowance	:	Rs.1,200 pm

Mr. Haridas and his employer contribute to Recognized PF 14% of salary.

One small car is allowed to him by his employer both for private and official use. Expenses of car are borne by the employer. He lives in a rented house; monthly rent being Rs. 3.000. Mr. Haridas is working at Meerut.