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H – 1675

Reg. No. : .....

Name : .....

**Third Semester B.Com. Degree Examination, October 2019**

**Career Related First Degree Programme Under CBCSS**

**Group 2(a) – Commerce and Tax Procedure and Practice**

**Vocational Course III**

**CX 1371 : INCOME TAX LAW AND PRACTICE II**

**(2018 Admission)**

Time : 3 Hours

Max. Marks : 80

**SECTION – A**

Answer **all** questions in one or two sentences each. Each question carries **1** mark.

1. What do you mean by tax?
2. What is vocation?
3. What do you mean by perquisite?
4. What do you mean by previous year?
5. What is gross total income?
6. What are the deductions allowed on business premises u/s 30 ?
7. What is clubbing of income?
8. What do you mean by Cess?
9. What is the rule for treating a capital gain as short term?
10. What do you mean by inter head adjustment?

**(10 × 1 = 10 Marks)**

P.T.O.

## SECTION – B

Answer **any eight** questions in not exceeding **one** paragraph each. Each question carries **2** marks.

11. List any four self generated assets.
12. What do you mean by long term capital assets?
13. What is section 80 C stands for?
14. State the rate of depreciation applicable for different categories of assets.
15. What is the rule for set off and carry forward of speculative losses?
16. What is the rule for indexing long term capital assets?
17. What is composite rent? How it is dealt with in income computation?
18. Who is a fractional owner?
19. What do you mean by indirect tax? Give example
20. Who is a deemed assessee?
21. How will you compute short term capital gain?
22. State any four gifts which are fully exempted from taxation.

**(8 × 2 = 16 Marks)**

## SECTION – C

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

23. What are the incomes chargeable under the head profit and gain of business or profession?
24. How will you calculate closing WDV of block of assets?

25. What is the tax rule for set off and carry forward of loss from house property?
26. What are the specific deductions allowed under the head Income from Other Sources?
27. What is the taxability of Gifts without consideration and without adequate consideration?
28. What are the exemptions allowed u/s 54 from capital gain?
29. The income of a family is given as
- (a) Mr. Gopal from business Rs. 6,50,000
  - (b) Mrs. Gopal income under the head salaries Rs 5,30,000
  - (c) Minor son of Mr. Gopal , Krishna as interest from debenture Rs. 10,000 (the amount for investment received from grandfather)
  - (d) Master Krishna from acting in a film Rs. 1,50,000
  - (e) Minor daughter of Mr. Gopal , Anjali Rs. 6000

Discuss in whose hand the incomes are assessable and compute the total income of Mr. Gopal.

30. Mr. Vinod Malhotra purchased a piece of land on 4-1-1998 for Rs. 50,000. This land was sold by him on 2-9-2018 for Rs. 15,00,000. The market value of land as on 1-4-2001 was Rs. 1,00,000. Expenses on sale were 2% of transfer price. Compute the taxable capital gain for the A.Y. 2019-20. The cost of inflation index for 2018-19 to be 280.

31. Mr. Raj has the following income for the previous year 2017-18

	Rs.
Business profit	5,50,000
Short term capital gains	12,000
Long term capital gains	28,000
Compensation for loss of agency	1,24,000
Long term capital loss	16,000

Compute the total income of Mr. Raj for the assessment year 2019-20.

(6 × 4 = 24 Marks)

#### SECTION – D

Answer **any two** questions in not exceeding 4 pages each. Each question carries 15 marks.

32. Mr. Gupta a cloth merchant furnishes you the following profit and loss account for the year ending 31<sup>st</sup> March 2019.

	Rs.		Rs.
Salaries and allowance	15,000	Gross profit	2,70,000
Rent and Taxes	4,000	Dividend on shares-gross	4,000
Postage	1,500	Rent from buildings let out	10,000
Domestic expenses	2,000		
Depreciation	5,000		
Income tax	1,200		
Donation	2,500		
TDS on interest	500		

	Rs.	Rs.
Life insurance premium	2,000	
Bad debt provision	1,800	
Audit fee	1,500	
Bad debt	2,500	
Net profit	2,44,500	
	<u>2,84,000</u>	<u>2,84,000</u>

Other information:

- (a) Rent and taxes include Rs. 2,000 paid as Municipal Tax on let out building
- (b) Value of life insurance policy is Rs. 18,000
- (c) Donation was given to an approved institution
- (d) Permissible depreciation was Rs. 4,000

Compute his business income and Gross Total Income for the Assessment Year 2019-20

33. Mr. Rahul's particulars of income for the previous year 2017-18 and 18-19 are given as.

	Previous year	
	2017-18	2018-19
	in Rs.	in RS.
Business profit before depreciation	(-)35000	50,000
Current depreciation	25,000	30,000
Taxable income from house property	10,000	30,000

Find out the total income Mr. Rahul for the A.Y. 2018-19 and 2019-20.

34. Mr. Pankaj furnishes you the following information. Compute his income from other sources for the A.Y. 2019-20
- (a) He took a house on the rent of Rs. 1,000 per month and let it out again for Rs. 1,600 per month. Besides he received Rs. 5,000 rent from his ownership building
  - (b) Dividend from an Indian Company (gross) Rs. 12,000
  - (c) Speculation business profit Rs. 6,000 and from cricket gambling Rs. 500
  - (d) Agriculture income in Nepal Rs. 10,000 was not brought in India. Rs. 18,000 income from agricultural land situated in Pune
  - (e) Salary as an MLA Rs. 30,000 and as daily allowance Rs. 4,000
  - (f) Share in HUF income Rs. 22,000
  - (g) Dividend received from a Co-operative society Rs. 6,000
35. Explain the various deductions allowed to salaried employees under Income Tax Act.

**(2 × 15 = 30 Marks)**

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