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M – 2636

Reg. No. :

Name :

Second Semester B.Com. Degree Examination, December 2021

Career Related First Degree Programme Under CBCSS

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

Vocational Course II

CX 1271 – INCOME TAX LAW AND PRACTICE – I

(2018 & 2019 Admission)

Time : 3 Hours

Max. Marks : 80

SECTION – A

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

1. Define assessment year.
2. What is income Tax?
3. In which previous year income of a person leaving India will be taxed?
4. Who is a representative assessee?
5. What is Annual accretion?
6. What is Transferred balance?
7. What is Annual value
8. What is FRV?
9. What is meant by perquisites?
10. What is average rate of tax?

(10 × 1 = 10 Marks)

P.T.O.

SECTION – B

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

11. Mention any five fully taxable allowances.
12. What do you understand by co-ownership?
13. Describe the difference between direct tax and indirect tax.
14. Mention the scope of income of an ordinarily resident?
15. What is meant by capital and revenue receipts?
16. How do you determine Annual Value?
17. State four exempted incomes under section 10.
18. What do you mean by gross total income?
19. How do you determine the residential status of a company?
20. Who is a Deemed Resident?
21. Glasco Ltd has incorporated in Paris. Its head office is also situated there. They are primarily importing coffee and tea from India. The company appointed a manager in India. Determine the residential status of the company
22. During the year 2020-21, Mr. Ramesh, a bank employee at Calicut received basic salary Rs. 60,000, DA Rs.24,000 and HRA Rs. 7,000. However, the actual rent paid by the employee is Rs. 12,000. Compute the taxable HRA.

(8 × 2 = 16 Marks)

SECTION – C

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

23. Describe the treatment of tax relating to commutation of pension.
24. How do you determine taxable HRA? What are the conditions required for claiming exemption?
25. How do you compute exempted Retrenchment compensation?

26. How is exemption given under gratuity?
27. Which are the incomes from house property fully exempt from tax?
28. From the following information, compute the income from house property of Mr. Arun for the financial year 2021-22

Municipal valuation	Rs. 2,00,000 p.a.
Fair rental value	Rs. 1,80,000 pa.
Standard rent	Rs. 1,90,000 p.a.
Actual rent receivable	Rs. 20,000 per month

Municipal taxes 6%, half of which is paid by Mr. Arun and other half is paid by the tenant. Unrealised rent admissible Rs. 40,000. Interest on loan taken for construction of the house is Rs. 40,000

29. A company took a house on rent and allotted it to its employee. From the following information, find out the value of perquisite of accommodation
- (a) Rent paid for the year Rs. 72,000
- (b) Salary 600,000 p.a.
- (c) Cost of furniture provided in the house Rs 80,000
- (d) Rent charged from employee per month Rs.2,000
30. Mr. Subair retired from service on 31.6.2020 after serving 25 years and 10 months. At the time of retirement his basic salary was Rs. 50,000 per month and DA Rs. 15,000 per month. At the time of retirement he was paid death cum retirement gratuity Rs. 15,00,000. Compute taxable amount of gratuity if he is covered under the Gratuity Act of 1972.
31. Mr. Praksah a citizen of India went to London for higher studies on 31st January,2019 and came back to India on 15th September 2020. Determine his residential status for the A.Y 2021-22.

(6 × 4 = 24 Marks)

SECTION – D

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

32. Explain the residential status of an Individual
33. Discuss the valuation of rent free house calculated under the head salaries
34. Mr. Amith, is a manager in XL Ltd in Bangalore. His monthly emoluments were as follows
- (a) Salary Rs. 60,000
 - (b) DA. Rs. 10,000
 - (c) Children Education allowance Rs. 350 (for two children)
 - (d) Bonus Rs.10,000
 - (e) Entertainment allowance Rs. 4,000
 - (f) Transport allowance Rs. 9,000
 - (g) City compensatory allowance Rs. 3,000
 - (h) Deputation allowance Rs. 5,000
 - (i) HRA Rs. 2000(he paid rent Rs. 1,000 per month)
 - (j) Festival allowance Rs. 1,000 per annum

During the previous year he paid employment tax Rs. 1,500 to the Bangalore Municipal Corporation.

Compute his taxable salary for the A.Y. 2021-22.

35. From the following information, compute income from house property for the previous year 2020-21. Two third portion of the house is self occupied and one third is let out for 8,000 per month. Let out portion remained vacant for two months. Further the tenant did not pay one month rent, but he is still residing in the house. Municipal tax Rs. 2,400 was paid during the year which is 1% of municipal valuation. Interest on loan taken in 2014 for the construction of the house Rs. 90,000 was due but not paid till 31-03-2021.

(2 × 15 = 30 Marks)