



K22U 1707

Reg. No. : .....

Name : .....



IV Semester B.Com. Degree (CBCSS – Supplementary) Examination, April 2022  
(2016 – 18 Admissions)

Core Course

4B07COM : INCOME TAX LAW AND PRACTICE – I

Time : 3 Hours

Max. Marks : 40

PART – A

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

1. In case of new business, the first previous year commences on \_\_\_\_\_ and ends on the immediately following March 31.
2. Standard deduction on family pension is
3. Any immovable property received by an assessee as a gift, without any consideration, it is taxable if \_\_\_\_\_ exceeds ₹ 50,000.
4. A person who is bound to pay tax in respect of the income of another one is called (4x $\frac{1}{2}$ =2)

PART – B

Answer **any four** questions. **Each** carries **one** mark.

5. "Accelerated assessment is an exemption to one of the general practices in direct taxation". Explain.
6. Make a note on 'Treatment of unrealized rent'.
7. Make a short note on the determination of residential status of a company.
8. What is short term capital gain ? How is it different from long term capital gain ?
9. Define dividend as given the Income Tax Act, 1961. Is it taxable in India ?
10. What is 'Block of asset' for the purpose of Section 32 of the Income Tax Act, 1961 ? (4x1=4)

PART – C

Answer **any six** questions (**not exceeding one page**). **Each** carries **three** marks.

11. Define 'Person' as per Income Tax Act, 1961.
12. "The Provident Fund Scheme facilitates savings as well as tax planning to salaried individuals". Briefly explain the income tax implications of different types of provident funds.

P.T.O.



13. Define 'Agricultural Income' as per Income Tax Act, 1961.
14. Ms. Janaki has the following investments as on 1 April 2019.
- ₹ 40,000, 10% Bonds issued by Government of Meghalaya.
  - ₹ 25,000, 10% improvement Trust Debentures.
  - ₹ 15,000, 10% Debentures in a Jute Company.
  - ₹ 20,000, 12% Tax free bonds issued by Government of Karnataka.
- On 1 October 2019, she sold Improvement Trust Debentures and purchased 15% Port Trust Bonds for ₹ 50,000, for which he took a personal loan of ₹ 20,000 from Bank of Baroda at an annual interest of 12%. She inherited ₹ 10,000, 12% Mumbai Government Loan from her father who died on 1 December 2019. All interests are payable half yearly on 1 January and 1 July. Compute the income from other sources taxable in the hands of Ms. Janaki for the Assessment Year 2020 – 21.
15. Mrs. Mohini had a commercial land in Agra. She purchased it in December 1991 at a price of ₹ 2,25,000. The fair market value of the land as on 1<sup>st</sup> April 2001 was ₹ 3,00,000. She constructed a building there in 2008 – 2009 spending ₹ 3,50,000. She sold it in the year 2019 – 20 and received ₹ 48,00,000. Commission paid on sales was ₹ 45,000. Calculate taxable capital gains, if any.  
(Cost inflation indices 2001 – 02 : 100; 2008 – 09 : 137; 2019 – 20 : 289)
16. Mr. Hari Rao is Member of Parliament. He furnishes the following information for the previous year 2019 – 20.
- Salary income as MP – ₹ 50,000 per month.
  - Daily allowance received for attending Parliament sessions – ₹ 40,000.
  - Prize money received on account of winnings from cross word puzzles – ₹ 18,000.
  - He bought a commercial plot on 1 September 2019 and let it out for a monthly rent of ₹ 15,000.
  - He has a well-furnished building with machineries installed for manufacturing cotton. He let the entire building with furniture and machineries for a monthly rent of ₹ 10,000. He spent ₹ 2,500 for repairs of machinery and depreciation allowed under Income Tax Act is ₹ 10,000.
- Compute his taxable income from other sources for the assessment year 2020 – 21.



17. Ms. Sahara furnishes the following information for the financial year 2019 – 20 regarding a house property owned by her.
- Municipal rental value ₹ 2,64,000
  - Rent payable for a similar house ₹ 3,00,000
  - Actual rent ₹ 3,24,000
  - Municipal tax amounts to 10% of the Municipal value. The tenant agreed to pay one half of the taxes and the owner paid her portion during the year.
  - The construction of the property was begun in Sept. 2015 and was completed in June 2018. Interest paid up to 31<sup>st</sup> March 2018 was ₹ 2,00,000 and paid for the financial year 2019 – 20 was ₹ 80,000.

Find out income from house property for the Assessment Year 2020 – 21.

18. Mr. Sankar has the following incomes during the financial year 2019 – 20. Compute his taxable income if he is (i) Ordinarily Resident (ii) Not Ordinarily Resident or (iii) Non-resident in India.

Particulars	Amount in ₹
i) Income from house property situated in London	80,000
ii) Income from salary received in India for the services rendered in London	48,000
iii) Profit from business in London controlled from India	1,80,000
iv) Profit from Kanpur Business	2,10,000
v) Agricultural income from India	50,000 (6×3=18)

#### PART – D

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

19. "Identification of residential status of an assessee is essential in the assessment of tax liability". Elaborate the statement with due focus on identification of the residential status of an individual and its income tax implications.
20. Mr. Manohar is employed with SS Ltd. located at Kolkata since 2000. He furnishes the following information for the financial year 2019 – 20.
- Basic salary – ₹ 24,000 per month.
  - Dearness allowance – ₹ 4,800 per month.
  - Own contribution to Recognized Provident Fund – ₹ 3,360 per month.
  - Employer's contribution to Recognized Provident Fund – ₹ 3,360 per month.
  - Interest credited to Recognized Provident Fund during the year at 9% per annum – ₹ 28,000.



- f) Bonus – ₹ 24,000.
- g) He was provided with a small car for both private and official purposes. The employer met all expenses including the driver's salary.
- h) He was also provided with a rent free accommodation in a building for which the employer paid a rent of ₹ 2,500 per month. He was also provided furniture costing ₹ 40,000 for personal use.
- i) He paid professional tax of ₹ 2,500 on 30 September 2019.

Compute his taxable salary for the Assessment Year 2020 – 21.

21. From the following information, compute taxable business income of Mr. Salju for the Assessment Year 2020 – 21.

<b>Profit and Loss Account</b>		<b>(Amount in ₹ )</b>	
To Opening stock	35,000	By Sales	3,30,000
" Purchases	1,20,000	" Closing stock	22,000
" Wages	50,000	" Gift from father	20,000
" Rent	36,000	" Sale of car	20,000
" Repairs of car	6,000	" Income tax refund	2,000
" Medical expenses	8,000		
" General expenses	30,000		
" Depreciation of car	4,600		
" Net profit	1,04,400		
	<b>3,94,000</b>		<b>3,94,000</b>

**Further Information :**

- a) He carries on business from rented premises, half of which is used for own residence.
- b) He bought a car during the year for ₹ 23,000. He charged 20% depreciation on the value of the car. It was sold during the year for ₹ 20,000. The use of the car was  $\frac{3}{4}$  for the business and  $\frac{1}{4}$  for personal use.
- c) Medical expense was for his personal illness.
- d) Wages include ₹ 250 per month on account of Mr. X's driver for 10 months.

(2×8=16)