

Reg. No. :

Name :

IV Semester B.Com. Degree (CBCSS – Reg./Sup./Imp.)

Examination, May 2018

(2014 Admn. Onwards)

Core Course

4B07COM : INCOME TAX LAW AND PRACTICE – I

Time : 3 Hours

Max. Marks : 40

PART – A

Answer **all** questions. **Each** carries ½ mark.

1. Death-cum-retirement gratuity received by all categories of Govt. employees is fully _____.
2. General rate of depreciation for plant and machinery is _____.
3. Deduction under Se: 16 (ii) _____.
4. Which head of income is known as residual head of income ? (4×½=2)

PART – B

Answer **any four** questions. Each carries **1** mark .

5. What do you mean by direct tax ?
6. What do you mean by pre-construction period ?
7. Who is an assessee in default ?
8. Define what do you mean by perquisites.
9. What do you mean by capital gain ?
10. What do you mean by Tax-free Government Securities . (4×1=4)

P.T.O.



PART – C

Answer **any six** questions. **Each** carries **3** marks.

11. Explain exempted capital assets.
12. Explain exempted incomes under the head income from house property.
13. Explain any ten items of income that are exempt from tax.
14. Mr. Antony, after about 30 years stay in India, returns to Kuwait on January 29, 2017. He returns to India in 15th May 2016 to join an American company as its overseas branch manager. Determine his residential status for the Assessment year 2017–18.
15. Compute the Net Annual Value for the following information :

	A Rs.	B Rs.
Municipal value	60,000	48,000
Fair rental value	75,000	60,000
Actual Rent	69,000	54,000
Standard rent	–	72,000
Municipal taxes paid	6,000	4,800

16. Compute taxable salary in the case of Arun

Particulars.

Salary	50,000
Dearness allowance (not forming part of salary)	20,000
House rent allowance	30,000
Actual rent paid	33,000
Place of service	Chennai
CCA	200 p.m.
Medical allowance	100 p.m.



17. Find out the amount of the house rent allowance which shall be included in the income under the head "Salaries" in each of the following cases :

Basic pay Rs. 2,000 p.m., Dearness pay @ 10% of basic pay, Commission based on fixed percentage of turnover Rs. 12,000 for the whole year. House rent allowance Rs. 500 p.m., Actual rent paid by the assessee Rs. 400 p.m., House situated at Agra.

18. Mr. Powns a residential house at Agra which he acquired in May 1989 for Rs. 3,00,000. He sells the house for Rs. 35,00,000 on August 18, 2016. He purchases a residential house at Kanpur on February 14, 2017, for Rs. 10,00,000. Find out the amount of capital gains chargeable to tax for the Assessment Year 2017-18. Besides, the above house property he owns a premises used for his business since 1968. The cost inflation in 1989-90 and 2016-17 is 172 and 1125. (6×3=18)

PART – D

Answer **any two** questions, **each** carries **8** marks .

19. List out the incomes chargeable under the head income from other sources.
20. Mr. Basavaraju furnishes the following particulars of his investments for the Previous Year ended 31-3-2017.
- a) Rs. 20,000 8% Municipal debentures
 - b) Rs. 30,000 10% Karnataka State Government Loan.
 - c) Rs. 40,000 18% tax-free debentures of X Co. Ltd., listed in a recognised Stock exchange.
 - d) Rs. 20,000 7% Capital Investment Bonds of Government of India.
- He also received during the same Previous Year.
- 1) Rs. 2,000 as interest on Central Government Securities.
 - 2) Rs 2,000 as interest on State Government Securities.
 - 3) Rs. 9,000 as interest on Debentures of X Co. (Pvt.) Ltd. (not listed in a recognised Stock Exchange)
 - 4) Rs. 1,500 as interest on bank deposit.
 - 5) Rs. 1,000 interest on loan given to a relative.
- He paid Rs. 100 as commission to his bankers for collecting interest on securities.
- Compute his income from other sources.



21. Bhaskar is a registered medical practitioner. He has prepared the following Income and Expenditure Account for the year ending 31-3-2017. You are required to prepare a statement showing his income from profession for the Assessment Year 2017-18. :

Income and Expenditure Account

Household expenses	20,000	Consultation fees	10,000
Car purchased	30,000	Visiting fees	20,000
Travelling expenses (personal)	4,000	Race winnings	10,000
Charity and donations	1,000	Share in proceeds of	
Income Tax	2,000	ancestral house	24,000
Salaries	8,000	Profit on sale of shares	6,000
Gift to daughter	7,000	Dividend on shares	5,000
Establishment expenses	1,000	Interest on post office	
		Savings bank	6,000
Surgical equipment	4,000	Gifts from patients	2,000
Books	1,200	Bad debts recovered	
Life Insurance premium	2,000	(not allowed earlier)	2,600
Wealth-tax	1,000	Interest on fixed deposits	5,300
Interest on capital	1,000		
Surplus	8,700		
	Rs. 90,900		Rs. 90,900

Rate of depreciation allowable on car and surgical equipment is 15% and books of 100%.

(2×8=16)