

B.Com. (CBCS) DEGREE EXAMINATION,
NOVEMBER 2022.

Fifth Semester

Commerce

Major Elective — INCOME TAX LAW AND
PRACTICE – I

(For those who joined in July 2017 onwards)

Time : Three hours Maximum : 75 marks

PART A — (10 × 1 = 10 marks)

Answer ALL questions.

Choose the correct answer :

1. The income tax act, 1961 came into force w.e.f.
 - (a) 1st April 1962
 - (b) 31st March 1961
 - (c) 1st April 1961
 - (d) None of the above

7. The basis of charge under the head income from house property is
 - (a) Rent received
 - (b) Gross annual value
 - (c) Annual value
 - (d) None of these
8. The tax paid by the tenant is
 - (a) Added to rent received
 - (b) No adjustment
 - (c) Added to annual value
 - (d) All the above
9. Indexation will be allowed in case of
 - (a) LTCG
 - (b) STCG
 - (c) Both
 - (d) None
10. How many types of capital gains are there?
 - (a) 3
 - (b) 2
 - (c) 4
 - (d) 6

PART B — (5 × 5 = 25 marks)

Answer ALL questions, choosing either (a) or (b).
Each answer should not exceed 250 words.

11. (a) Enumerate the objectives of taxation.

Or

 (b) Distinguish between capital receipt and revenue receipt.

2. The year in which the income is earned is known as
 - (a) previous year
 - (b) financial year
 - (c) both (a) and (b)
 - (d) none of the above
3. BOI consist of
 - (a) Individual only
 - (b) Other than individual
 - (c) Both
 - (d) None of these
4. Salary to MP/MLA is
 - (a) exempted
 - (b) free
 - (c) taxable
 - (d) illegal
5. HRA exempted u/s
 - (a) 15(13B)
 - (b) 12(13C)
 - (c) 10(13A)
 - (d) none of these
6. Deduction allowed against gross salary
 - (a) Income tax
 - (b) Entertainment tax
 - (c) Professional tax
 - (d) Education tax

12. (a) Mr. Jayesh is an Indian citizen who lives in India since 1984. During the previous year 2020 - 21 he went to Arabia for 325 days. Identify his residential status.

Or

 (b) An assess commences his business on (i) 1st July 2019 (ii) 1st October 2019 (iii) 1st Jan 2020 In each case, what will be his assessment year and what period will be treated as his previous year for the concerned assessment year?
13. (a) Mr. Rohith resides in Chennai and gets ₹ 10,000 per month as basic salary ₹ 8,000 PM as DA is (entering service benefit) ₹ 12,000 pm as HRA he pays ₹ 10,000 PM as rent. Calculate taxable HRA.

Or

 (b) How to calculate exemption for leave salary?

14. (a) From the following calculate gross annual value.

Particulars	House I	House II	House III	House IV	House V
MRV	20,000	25,000	30,000	35,000	40,000
FRV	40,000	32,000	26,000	28,000	Nil
SR	30,000	28,000	32,000	NA	NA

Or

- (b) Write short notes on :
- standard rent
 - vacancy
 - composite rent.

15. (a) Profit and loss a/c of Mr. Rahul is as follows :

Particulars	₹	Particulars	₹
To salary	50,000	By gross profit	2,00,000
To income tax	9,000	By dividend	20,000
To entertainment exp (entire amt. for business)	20,000		
To bad debts	1,000		
To net profit	<u>1,40,000</u>		
	<u>2,20,000</u>		<u>2,20,000</u>

Compute business income.

Or

- (b) What are the powers of commissioner of income tax?

PART C — (5 × 8 = 40 marks)

Answer ALL questions, choosing either (a) or (b)
Each answer should not exceed 600 words.

16. (a) Calculate income from salary of Mr. Chellu who is working in Airtel Pvt. Ltd., from the following information
- Basic salary – ₹ 12,000 PM
 - DA (not forming part) – ₹ 6,000 PM

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- Special allowance – ₹ 80 PM
- Bonus – ₹ 8,000
- Academic research allowance – ₹ 200 PM
- Washing allowance – ₹ 100 PM
- Facility of light and water (employer has paid the amount) – ₹ 7,500
- Salary of April 2021 received during the current PY – 12,350.

Or

- (b) Write the features of the Indian tax system.

17. (a) From the following information calculate income from house property of Mr. Kavin.

Municipal valuation ₹ 1,25,000 pa

Actual rent ₹ 1,25,000 pa

Municipal tax ₹ 4,000

The owner bear the following expenses

- Lift maintenance ₹ 7,500
- Gardener salary ₹ 2,500
- Pump maintenance ₹ 4,000

The owner pays 25% of the municipal tax.

Or

- (b) What incomes are chargeable to income tax u/s 56(2)?

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18. (a) From the following P and L a/c calculate income from business.

Particulars	₹	Particulars	₹
To rent and rates	45,000	By gross profit	2,25,000
To dep. on machinery	8,000	By income from other sources	1,50,000
To dep. on furniture	2,000	By income from capital gain	1,00,000
To purchase of motor car	50,000	By miscellaneous income	1,25,000
To car expenditure	3,000		
To advertisement (cash)	25,000		
To net profit	<u>4,67,000</u>		
	<u>6,00,000</u>		<u>6,00,000</u>

- Allow ₹ 5,000 as depreciation on machinery.
- 50% of motor car expenses related to personal use.
- Miscellaneous receipts is approved by IT authority as business income.
- Motor car has no depreciation.

Or

- (b) Who is a principal offer? Write the duties.

19. (a) Calculate depreciation from the following information.

Assets	WDV as on 01.04.20	Additions during 2020-21	Amount realized to scrap	Rate of depreciation
Hotel building	7,50,000	2,50,000	1,00,000	10%
Furniture	3,00,000	1,00,000	Nil	10%
Calculators	5,000	Nil	Nil	15%
P and M	10,00,000	5,00,000	2,00,000	15%

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Adjustments :

- Hotel building additions were made during December 2020.
- Plant and machinery additions were made during February 2021.

Or

- (b) Explain the relationship between finance Act and income tax Act.

20. (a) Explain the different types of income tax return forms.

Or

- (b) What is meant by agricultural income? How tax computed on agricultural income?

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