

TB145260A

Reg. No.....

Name.....

**B. COM. DEGREE (C.B.C.S.S.) EXAMINATION, OCTOBER 2016**  
**SEMESTER V – CORE COURSE (COMMERCE)**  
**COM5ITLP - INCOME TAX LAW AND PRACTICE**

**Time: Three Hours**

**Maximum Marks: 80**

**PART A**

**I. Answer all questions. Each question carries 1 mark.**

1. Explain the term Assessee- in -default?
2. What is defacto rent?
3. Who is a specified employee?
4. What is Block of assets?
5. Define the term Assessment Year.
6. What is SPF?
7. What is transferred balance?
8. State any two expressly allowed expenses which can be deducted from business income.
9. How is unrealised rent recovered treated for income tax purposes?
10. What is the treatment metered out for uncommuted pension received by an employee?

**( 10 x 1 = 10)**

**PART B**

**II. Answer any eight questions. Each question carries 2 marks.**

11. Define the term Total Income.
12. How is annual value of a let out house property computed ?
13. What is the tax treatment for income earned by a minor?
14. Explain any two differences between capital income and revenue income.
15. What is accelerated assessment?
16. What do you mean by compulsory audit of accounts?
17. How is expenditure spent on scientific research carried on by the assessee himself treated for tax computation?
18. When does a company become resident?
19. What is MRV?
20. List any four fully taxable allowances.
21. What are special allowances u/s 10(14)?
22. What are the provisions relating to unabsorbed depreciation?

**( 8 x 2 = 16)**

**PART C**

**III. Answer any six questions. Each question carries 4 marks.**

23. Illustrate the concept of deemed owner.
24. What are the deduction allowed while computing Income from House Property?
25. What are the expenses expressly disallowed while computing Business income?

26. List any ten exempted incomes u/s 10 of The IT Act.
27. Explain any eight fully exempted perquisites.
28. Mr Kumar leaves for the first time in the last 20 years on Nov 25,2013. During the calendar year 2014, he comes to India on September 1 and stays for a period of 20 days. During the calendar year 2015 he does not visit India at all but comes to Indian on Jan 15, 2016. Determine his residential status for the AY 2016-17.
29. From the following information, compute the exempted amount of HRA for Mr Prabhu who resides in Kanpur:  
Salary per month : Rs 4,500 ; HRA received per month : Rs 600 ; Rent paid per month : Rs 1000
30. Compute annual value from the following :  
Rent : Rs 7,000 pm ; MRV : Rs 80,000 pa ; FRV : Rs 70,000 pa ;  
Standard Rent : Rs 69,000 pa  
Rent is not received for two months during the year.
31. Mr X gives you the following particulars from his accounts for the year ending 31.3.2016  
Following items have been debited to P&L A/c.  
(1) Net profit as per P&L A/c : Rs 3,00,000  
(2) Contribution to unrecognised Provident Fund : Rs 20,000  
(3) Provision for Incoem tax and wealth tax : Rs 10,000  
(4) Advertisement : Rs 10,000  
(5) Provision for excise duty : Rs 5,000  
(6) Office expenses : Rs 3,000  
Compute his business income.

( 6 x4 = 24 )

#### PART D

#### IV. Answer any two questions. Each question carries 15 marks.

32. How is the residential status of an individual determined?
33. Calculate income from salary of Mr Rajesh , a director employee of M.s HD Ltd, Bilaspur:  
Basic salary : Rs 40,000 pm  
DA : Rs 12,000 pm (Not forming part of salary)  
Bonus : Rs 50,000  
HRA : Rs 8,000 pm (rent paid is nil)  
Both the employer and employee contribute 14% of basic salary towards RPF. The employee was provided with a small car for his personal and official use along with a driver and the employer meets expenses. The employer pays Rs 2,000 professional tax and Rs 3,000 as insurance premium on his life .
34. From the following , calculate income from house property :

Particulars	House 1	House 2

Municipal value	10,000	20,000
FRV	15,600	15,000
Standard rent	15,000	NA
Actual rent	1,750 pm	1,200 pm
Period of vacancy	1 month	2 months
Municipal taxes	12%	15%

35. The following is the Profit and Loss Account of Mr X for the year ending 31-3-2016.  
Compute the taxable income from business for the relevant AY.

To Opening stock	15,000	By Sales	1,00,000
To Purchases	40,000	By Closing stock	20,000
To Wages	20,000	By Gifts from father	15,000
To Rent	6,000	By Sale of motor car	9,000
To Repairs to Motor Car	3,000	By Refund of income tax	3,000
To Income tax paid	5,000		
To Wealth Tax paid	3,000		
To Medical Expenses	2,000		
To General Expenses	10,000		
To Bad debts	500		
To Provision for bad debts	1,000		
To Depreciation	5,000		
To Net Profit	36,500		
<b>Total</b>	<b>1,47,000</b>		<b>1,47,000</b>

Following information is available:

- (1) Rent includes Rs 1,000 paid for the residential portion.
- (2) General Expenses include Rs 1,000 paid to domestic servant.
- (3) Depreciation admissible under the income tax act is Rs 10,000.

( 2 x 15 = 30 )