

Set II

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

Time : Three hours

Maximum Marks : 80 Marks

PART A

Answer *ALL* questions.

Each question carries 1 mark

1. Explain the term deemed assessee ?
2. What is average rate of tax?
3. Define the term Gross Total Income?
4. What is FRV?
5. What is the treatment for income earned by a specified news agency?
6. Define the term Previous Year?
7. What is Sumptuary allowance?
8. Who is a specified employee?
9. What is transferred balance?
10. Which is the present Income Tax Act in operation in India?

(10 x 1 = 10 marks)

PART B

Answer *any eight* questions.

Each question carries 2 marks

11. What is Annual Value ?
12. Explain the concept of deemed owner?
13. Define the term block of assets?
14. What is rate of depreciation applicable on computers ?
15. How is arrears of unrealised rent treated for tax purposes?
16. List any two expenses which are expressly allowed to be deducted while computing business income?
17. How is income from sub-letting treated?
18. Is entertainment allowance an exempted allowance?

19. Is commuted pension fully taxable for any other employee?
20. What are the features of term Income?
21. When does a company becomes resident?
22. When is an income taxable for Resident and ordinary resident?

(8x 2 = 16 marks)

PART C

Answer *any six* questions.

Each question carries 4 marks

23. How is residential status of an individual determined?
24. How is rent free accommodation of any other employee calculated for computation of tax?
25. Explain any ten fully exempted incomes ?
26. What are perquisites ? State any ten fully exempted perquisites?
27. Describe the method of calculating annual value of a let out house property?
28. Mr W, leaves India for the first time on 10th June 2011 and comes back on 1-6-2014. He again leaves India on 15-7-2015 to come back on 1-3-2016. At present he is in India. Determine his residential status for the AY 2016-17?
29. Compute the annual accretion to RPF from the information given below:
(1) Salary @ Rs 4,800 p.m (2) Commission @ 1% of turnover of Rs 2,40,000 achieved by him during the PY . (3) Employer's contribution to RPF @ 700p.m.(4) Interest credited to RPF balance @12% p.a is Rs 7,200 .
30. Mr A has a house property whose municipal valuation is Rs 1,30,000 p.a. is let out for a monthly rent of Rs 12,000/-. The fair rent is Rs 1,10,000 and standard rent under Rent Control Act Rs 1,20,000 p.a. The unrealised rent is fixed at Rs 11,000 and the Assessing Officer is satisfied with the amount to be named as unrealised rent. She paid the municipal taxes @10% of municipal valuation .Interest on borrowed capital was Rs 40,000. Compute the Income From House Property.
31. Compute the depreciation for the year 2015-16 from the following details:
WDV of the factory building on 1-4-2015 : 1,00,000
New building purchase don 31-7-2015 : 2,00,000
Amount realised on the building demolished : 50,000

Rate of depreciation : 10%

(6 x 4 == 24 marks)

PART D

Answer *any two* questions.

Each question carries 15 marks

32. What are the deductions allowed to be deducted while computing Income From House Property.
33. Compute the income from salary from the particulars given below of Mr Kapoor
- (1) Salary : Rs 4,000 p.m
 - (2) DA : Rs 400 p.m.
 - (3) HRA (He lives in his own house) : Rs 250 p.m.
 - (4) Travelling allowance for his official tour : Rs 4000
 - (5) Employer's contribution to RPF : Rs 29,000
 - (6) Own contribution to RPF : Rs 29,000
 - (7) Interest on accumulated balance of RPF @10%p.a. is Rs 10,000/-
 - (8) He is provided with a car of 1.5Lt capacity by his employer for both the personal and official use and expenses of maintaining and running the car with driver are borne by the employer.
34. Mr Ashok owns two houses ,the particulars of which are given below:

Particulars	House I	House II
MRV	24,000	38,000
FRV	22,000	34,000
Standard Rent	20,000	40,000
Annual Rent	30,000	42,000
Interest on loan taken for construction of house	28,000 p.a	22,000 p.a
Vacancy Period	2 months	1 month
Municipal Taxes	10%	10%

Calculate his Income From House Property.

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		
Total	1,47,000		1,47,000

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 Ra 10,000.

(15 x 2 = 30 marks)