

TB165180E

Reg. No.....

Name.....

B. COM. DEGREE (C. B. C. S. S.) EXAMINATION, OCTOBER 2018
(2016 Admission Regular & 2015 Admission Supplementary)
SEMESTER V- CORE COURSE (COMMERCE)
CO5C01B - INCOME TAX LAW AND PRACTICE

Time: Three Hours

Maximum Marks: 80

PART A

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

1. What is MMR?
2. Who is an assessee in default ?
3. What is deemed income?
4. Is gratuity taxable for a government employee?
5. What is defacto rent?
6. What is Block of Assets?

(6 x 1 = 6)

PART B

II. Answer any seven questions.Each question carries 2 marks.

7. Differentiate between GTI and Total Income.
8. Distinguish between capital expenditure and revenue expenditure.
9. When an HUF becomes resident in India?
10. When does an individual become NOR in India?
11. Is commuted value of pension taxable? If yes, to what extent?
12. Discuss taxability of House Rent Allowance.
13. What is Standard Rental Value?
14. What is the tax treatment of unrealized rent recovered?
15. How will you deal with bad debts recovered while dealing with business income?
16. The P&L a/c of Mr. Aravind disclosed a profit of Rs.2,00,000/- after debiting the following:
 - a. Provision for taxation → Rs.1,00,000/-
 - b. Bad debts written off → Rs.20,000/-
 - c. Provision for doubtful debts → Rs.25,000/-
 - d. Gift to friend → Rs.5,000/-
 - e. Sales tax due but paid before the due date → Rs.23,500/-Compute profit from business.

(7 X 2 = 14)

PART C

III. Answer any five questions. Each question carries 6 marks.

17. What are the features of income?
18. What is allowance? Explain its classification.
19. Explain the deductions under section 24, under income from house property.
20. Mr. Reghunath was born in India in 1984. From 2004 to 2014 he was in Canada. From 1st April 2014 to 31st March 2015 he was in India. From 1st April 2015 to 31st March 2017 he was in Australia. On 1st April 2017, he came to India and is staying in India. What will be his residential status in India, for the PY 2017-18?
21. Mr. Ram is getting a pension of Rs. 12,000 per month from a company. During the previous year he got his one-third pension commuted and received Rs. 7,38,000. Compute the taxable amount of pension, if he did not receive gratuity.
22. Determine the annual rental value with the following particulars:
 - a. Expected Fair Rent → Rs. 84,000/-
 - b. Municipal Value → Rs. 72,000/-
 - c. Standard rent → Rs. 80,000/-
 - d. Actual rent received Rs. 1,20,000/-
 - e. Local taxes paid by the owner in PY → Rs. 30,000/-
23. Mr. N purchased a machine on 30-11-2016 for Rs. 2,00,000 and spent Rs. 24,000 on its installation. It was used for his own business till 01-05-2017 on which date he sold it for Rs. 1,20,000. He repurchased it on 01-10-2017 for Rs. 3,20,000. Determine the actual cost and depreciation for the year ending 31-3-2018. Rate of depreciation 15%.
24. Ms. Bhadra is carrying a retail business. Her profit and loss account during the PY 2017-18 showed a net profit of Rs. 1,50,000/- after considering the following items.
 - a. Provision for tax made during the year → Rs. 2,000/-
 - b. Advertisement made in a magazine published by a political party → Rs. 3,000/-
 - c. Interest on POSB a/c → Rs. 2,000/-
 - d. Donation to Prime Minister's Relief Fund → Rs. 18,000/-
 - e. Entertainment expenses paid in cash Rs. 10,000/-Compute his income from business.

(5 X 6 = 30)

PART D

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

25. Determine the annual value of let out and self-occupied house property.
26. Mr. Anand furnishes the following particulars of his income earned during the previous year relevant to the assessment year 2018-19:
 - a. Interest on German Development bonds (1/3rd received in India) – Rs. 51,000
 - b. Income from agriculture in Bangladesh, remitted to India – Rs. 31,000
 - c. Income from property in Canada, received in U.S.A – Rs. 1,10,000
 - d. Income earned from business in Kuwait, business being controlled from Mumbai (25,000 is received in India) – Rs. 65,000

- e. Dividend from an Indian company – Rs. 15,000
 f. Royalty received in Singapore from Mr. David, a resident in India, for technical services provided for a business carried on in Singapore – Rs. 25,000
 g. Profit from a business in Chennai; this business is controlled from Singapore – Rs. 1,25,000
 h. Profit on sale of a building in India but received in Nepal – Rs. 2,50,000
 i. Income from agriculture in Punjab, received in Mumbai – Rs. 30,000
 j. Profit from business in Indonesia, this business is controlled from Delhi (60% of the profit deposited in a bank there and 40% is remitted to India) – Rs. 40,000
 k. Interest received from Mr. Dayal, a non-resident, on the loan provided to him for a business in India – Rs. 28,000
- Compute his gross total income, if he is;
- (a) Resident
 (b) Not ordinarily resident
 (c) Non-resident

27. Harikumar is a Chartered Accountant in Bangalore. He has submitted the following Income & Expenditure Account for the year 2017-18. Compute his income from profession for the AY 2018-19:

Income and Expenditure Account

<i>Expenses</i>	<i>Amount</i>	<i>Income</i>	<i>Amount</i>
To office rent	33,000	By Audit fees	3,00,000
To Salary to Staff	75,000	By Financial Consultancy Service	60,000
To charities	5,000	By Interest on Deposits in a bank	22,000
To gift to relatives	6,000	By Dividends on units of UTI	6,000
To subscription for journals	2,400	By Accountancy works	32,000
To Drawings	16,000		
To car expenses	24,000		
To Household expenses	8,600		
To NSCs purchased	20,000		
To Net Income	2,30,000		
	4,20,000		4,20,000

Additional Information:

- a) Office rent Rs.3,000 though paid not recorded
 b) Depreciation of car during the year is Rs.6,000
 c) 40% of car expenses are related to official purposes.