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B.Com. (CBCS) DEGREE EXAMINATION, APRIL 2021

FIFTH SEMESTER

COMMERCE - MAIN

MAJOR ELECTIVE - INCOME TAX LAW AND PRACTICE - I

(For those who joined in July 2017 Onwards)

Time: Three hours

Maximum : 75 marks

(Question to be started here)

Answer all questions.

Part - A

(10 × 1 = 10 marks)

Choose the correct answers

1. The definition of income is _____
a) inclusive
b) exhaustive
c) complex
d) simply
2. Sec.2 (1A) of Income Tax Act, 1961 defines _____ income
a) casual
b) agricultural
c) total
d) gross total
3. Sec _____ of the Income tax act explains exempted income.
a) Sec.80
b) Sec.88
c) sec.2
d) sec.10
4. Residential status of an assessee is ascertained as per the provision of
a) sec.6
b) sec.7
c) sec.9
d) sec.11
5. Notified amount as exemption on gratuity is -----
a) Rs. 10,00,000
b) Rs. 3,00,000
c) Rs. 3,50,000
d) Rs. 4,00,000
6. Employer's contribution to RPF is exempt upto -----
a) 10% salary
b) 9.5 Salary
c) 12% salary
d) 9% salary
7. Goss annual value of self occupied house is -----
a) municipal valuation
b) fair rent
c) zero
d) whichever is less
8. Local taxes are generally calculated on -----
a) fair rent
b) municipal value
c) standard rent
d) minimum rent
9. U/S 44 AB Specified date means -----
a) 30th November
b) 30th September
c) 31st July
d) 30th June
10. Rate of depreciation on furniture is
a) 10%
b) 20%
c) 15%
d) 25%

Answers ALL questions choosing either (a) or (b) in about 250 words.

11. a) Distinguish between gross total income and total income.

(Or)

b) Define (i) Assessment year (ii) Previous year

12. a) Mr. Laurel, an American citizen comes to India for the first time in the last 25 years on June 15, 2018. On oct. 20, 2018 he leaves India for Japan. Decide his residential status.

(Or)

b) Mr. Sennappan earns the following incomes during the financial year 2018-19

- i. Income from business in USA, controlled from Chennai Rs. 1,20,000.
- ii. Income from business in Hyderabad, controlled from USA Rs. 1,80,000
- iii. Interest from deposit with an Indian company, received in USA Rs. 20,000.

Calculate his gross total income for the AY 2019-20 if he is not ordinarily resident.

p.T.O

13. a) Mr. Ramesh retired on 30.06.2018 from a private Ltd., Co., his pension has been fixed on Rs. 4,800 p.m. He got half of his pension commuted and there by receives Rs. 1,50,000. He got his pension commuted during January 2019. Pension is payable on the first day of each month. He received gratuity also. Compute the taxability of pension.

(Or)

- b) What are the features of salary?

14. a) Explain the incomes form house property that are fully exempted from tax.

(Or)

- b) Me. Vijay owns a house in Kolkata, which was let out to a tenant during pervious year 2018 – 2019. He submits the following details to you.

Municipal value Rs. 1,08,000

Fair rental value Rs. 1,20,000

Standard rent as per rent control Act Rs. 1,02,000

Compute gross annual value.

15. a) Compute business income from the following particulars.

Profit and Loss Account

Particulars	Rs.	Particulars	Rs.
To General expenses	10,000	By Gross profit	1,00,000
To Salary to staff	12,000	By Commission	10,000
To Purchase of typewriter	10,000	By Rent received	50,000
To Advertisement (in cash)	2,50,000		
To Interest on capital	3,000		
To Net profit	1,00,000		
	1,60,000		1,60,000

(Or)

- b) Discuss about general deduction allowed u/s 37.

Part – C

(5 × 8 = 40 marks)

Answers ALL questions choosing either (a) or (b) in about 600 words.

16. a) Define the term Income under the Income tax Act 1961.

(Or)

- (Or)
- b) What are the instances of agricultural and Non- agricultural income?
17. a) Mr. Narasiman has received the following income during the P.Y. 2018-2019.

	Rs
Salary received in India for five months	15,000
Income from house property in India (computed)	12,350
Interest on savings bank deposit in SBI	5,000
Amount brought to India out of past untaxed profit earned in France	25,000
Income from Agriculture in Malaysia being invested in India	10,000
Income from business in Singapore being controlled from India	35,000
Dividend received in Germany from French companies, of which Rs.5,000 was remitted to India	50,000

You are required to compute total income of Mr. Narasiman for the A.Y.2019-20, if he is

- Resident and ordinarily resident
- Resident but not ordinarily resident
- Non-resident

(Or)

- b) Mr. Vijai, a foreigner, came to India from Poland for the first time on 1st April 2012. He stayed here continuously for 3 years and went to France on 1st April 2015. He however, returned to India on 1st July 2015 and went Poland on 1st December 2016. He again came back to India on 25th January 2019 on service in India. Find out his residential status for the assessment year 2019-20.

P.T.O

18. a) From the following particulars, compute salary income

- i. Basic salary Rs. 13,000 p.m.
- ii. Dearness allowance Rs. 900 p.m. of which Rs. 500 p.m. enters into pay for service benefits.
- iii. Bonus Rs. 8,400
- iv. Salary in lieu of leave Rs. 3,000
- v. Entertainment allowance Rs. 1,500 p.m.
- vi. Reimbursement of conveyance expenditure incurred for performing duties Rs. 200 p.m.
- vii. Furnished house at concessional rent of Rs. 800 p.m. in Chennai. Fair rental value Rs. 2,500 p.m. Cost of furniture Rs. 35,000. Salary of Gardener Rs. 1,000 p.m.
- viii. Club bills paid by employer Rs. 2,200 p.a.
- ix. Contribution by employer and employee to R.P.F – 13% (each) of salary
- x. Reimbursement of medical expenses Rs. 2,600
- xi. Life insurance premium paid by employee: Own life Rs. 3,000 p.a. Wife's life Rs. 4,000 p.a. Major Son – Rs. 2,000 p.a.
- xii. Amount deposited in ELSS 2017 Rs. 2,400
- xiii. Contribution to public provident fund Rs. 2,000

((Or))

b) What is provident fund? Explain its types.

19. a) Compute the income from house property of Mr. Francis for the assessment year 2019-2020 from the following particulars.

Rent received Rs. 90,000; Municipal value Rs. 86,000; Fair rental value Rs. 87,000; Standard rent Rs. 96,000; Municipal taxes paid by tenant Rs. 1,500; Fire insurance premium Rs. 500; Ground rent Rs. 600; Repairs Rs. 12,000; Interest on housing loan Rs. 10,000

((Or))

b) What are the factor determining the Gross Annual Value.

When a house property is let our for full year -self occupied during whole of the previous year -let for a part of the year and self occupied for remaining part of the year-let out a part of the year because it is either purchased or constructed during the previous year-self occupied and a part is let out-let out with vacancy-let out with unrealized rent

20. a) Mr. Saravanan is a leading lawyer in Tamil Nadu, who maintains books of account on cash basis. He has furnished the following information regarding his income for the year ending on 31.03.2019. Determine his taxable income for the P. Y. 2018-2019

Receipts	Rs.	Expenditures	Rs.
To Balance b/d	25,000	By Office expenses	7,000
To Fees from clients		By Salary to staff	18,000
2017-18 34,000		By Purchase of law books	6,000
2018-19 18,000	52,000	By Office rent	
To Special commission fees	22,000	2017-18 12,000	
To Presents from clients	8,000	2018-19 8,000	20,000
To Dividend	5,000	By Income tax	27,000
		By Office repairs	10,000
		By Purchase of a typewriter	5,000
		By Balance c/d	1,90,000
	1,12,000		1,12,000

Additional information

- Depreciation of car is Rs. 5,000 (50% used for personal purposes)
- Typeewriter was purchased on 31.12.2018

(Or)

- b) What are the admissible expenses under profit and gains?