



K16U 0638

Reg. No. :

Name :

IV Semester B.Com. Degree (CBCSS – 2014 Admn. – Regular)
Examination, May 2016
Core Course
4B07 COM : INCOME TAX LAW AND PRACTICE – I

Time : 3 Hours

Max. Marks : 40

PART – A

Answer **all** questions, **each** carries $\frac{1}{2}$ mark.

1. Income Tax Rules were passed in the year _____
2. The total of the income before deduction under Chapter VI A of the Income Tax Act is called _____
3. The charging Section of income from House Property is _____
4. Profits on transfer of capital asset is assessed under the head _____ (4× $\frac{1}{2}$ = 2)

PART – B

Answer **any four** questions, **each** carries 1 mark.

5. What is annual accretion ?
6. Define perquisites.
7. What is long term capital asset ?
8. What is zero coupon bond ?
9. What do you mean by fair rental value ?
10. Who is a non-resident ? (4×1 = 4)

P.T.O.



PART – C

Answer any six questions, each carries 3 marks.

11. Mr. Vinod is employed in Sri Lanka since 1990. He come to India every year for 2 months to spend his holidays. However during the year 2014–15 he came to India on leave and spend 181 days in Kerala. Determine his residential status for the P.Y. 2014–15.

12. Mr. Abin is an employee in Chennai. He resides in a rented house for which he pays monthly rent of ₹ 4,000. He receives HRA from the empolyer at the rate of ₹ 5,500 p.m. Along with HRA his monthly salary consist of :

- 1) Basic pay ₹ 12,000
- 2) DA ₹ 4,000
- 3) Uniform allowance ₹ 200
- 4) Bonus ₹ 1,000.

Compute taxable portion of HRA, if any for the year 2014–15.

13. An employer has taken a house on rent @ ₹ 15,000 p.m. He allotted half the house to Mr. A and the other half to Mr. B for residential purpose. The annual salary of Mr. A is ₹ 3,00,000 and of Mr. B ₹ 7,00,000. Find out the value of rent free house for Mr. A and Mr. B.

14. What is transfer for the purpose of capital gain ?

15. What is book profit ?

16. Mr. Satees was getting pension from a bank ₹ 12,000 p.m. with effect from 1-6-2014 he commuted $\frac{2}{3}$ of the pension and received ₹ 4,80,000. Compute the amount includable under the head salaries for the year 2014–15 if

- i) he received gratuity at the time of retirement and
- ii) he did not receive gratuity at the time of retirement.

17. What are the payments considered as profit in lieu of salary ?

18. What are the assets not considered as capital asset ?

(6×3 = 18)



PART – D

Answer any two questions, each carries 8 marks.

19. Determine the income from house property in the following case for the year 2014–15. $\frac{2}{3}$ portion of the house is self occupied and $\frac{1}{3}$ is let out for ₹ 10,000 p.m. The let out portion remained vacant for 3 months. Further, the tenant did not pay one month rent but he is still residing in the house. Municipal tax ₹ 3,000 was paid during the year which is 1% of municipal valuation. Interest on loan taken in 2009 for construction of house, ₹ 1,20,000 was due but not paid till 3-3-2015.
20. From the following P&L A/c of Mrs. Sheela, ascertain taxable profit.

P&L A/c for the year ended 31-3-2015

Salaries	14,800	Gross profit	1,25,000
General expenses	12,550	Miscellaneous receipts	2,000
Bad debts reserve	3,000	Commission	4,000
Income tax	1,500	Interest on Govt. securities	3,000
Gifts and presents	2,000	Dividend from Indian Co.	10,000
Life insurance premium	1,300		
Fire insurance premium (shop)	1,000		
Wealth tax paid	15,000		
Audit fee	2,750		
Interest on capital	4,500		
Discounts allowed	6,000		
Trade expenses	24,500		
Net profit	55,100		
	1,44,000		1,44,000

Depreciation allowance eligible to the business is ₹ 6,500, General expense include ₹ 4,000 being the cost of a table purchased for domestic use.

21. What are the allowances which are fully taxable under the head salary ? (2×8 = 16)
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