



K21U 4664

Reg. No. :

Name :

**V Semester B.Com. Degree CBCSS (OBE) Regular
Examination, November 2021
(2019 Admns Only)
Core Course
5B08 COM : INCOME TAX LAW AND PRACTICE**

Time : 3 Hours

Max. Marks : 40

PART – A

Answer **any six** questions. **Each** question carries **1** mark.

1. Can the annual value of a house property be negative ? Explain.
2. Who is 'assessee in default' ?
3. "Some self-generated assets are considered as capital assets". Make a note on cost of acquisition of self-generated assets.
4. What is unabsorbed depreciation ?
5. Make a note on 'payments in cash' in connection with computation of profits and gains of business or profession.
6. What is meant by 'casual income' ?
7. Define 'deemed resident'.
8. What is 'maximum marginal rate' ? **(6×1=6)**

PART – B

Answer **any six** questions. **Each** question carries **3** marks.

9. Make a brief note on the different circumstances where the income earned during the previous year is assessed to income tax during the previous year itself.

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10. Explain how the residential status of a Hindu Undivided Family can be determined for the purpose of income tax assessment.
11. Make a note on 'different incomes from house property that are fully exempt from income tax assessment'.
12. "Agricultural income is neither included in the total income nor income tax is payable on it." What are the different incomes that are treated as agricultural income ?
13. Sri. Baburaj had three houses. The first house, located at Kolkata, was let out by him for a monthly rent of ₹ 12,000. The second house, located at Chennai, was let out by him for a monthly rent of ₹ 18,000. He paid ₹ 6,000 and ₹ 9,000 as municipal tax for both houses respectively. The municipal tax is calculated as 5% of the municipal value of the respective properties. He had taken a loan from the State Bank of India during the financial year 2008-09 for constructing the second house and paid interest on loan amounting ₹ 55,000 during the current financial year. He purchased the third house, which is used for self-residence, during 2018-19 with borrowed capital from a bank in Australia. He paid interest of ₹ 1,20,000 to the bank during the current financial year without deducting any TDS in this respect. Calculate the taxable income from house property in the hands of Sri. Baburaj for the assessment year 2021-22.
14. Smt. Rajani has been working with RR Ltd. since 2004. She furnishes the following information regarding the salary received by her during 2020-21.
- Monthly Basic Salary as on 01 April 2020 – ₹ 40,000 per month.
 - Annual increment of 5% in the basic salary becomes due on 01 July of every year.
 - Dearness Allowance – 20% of the basic salary.
 - City compensatory allowance – ₹ 2,000 per month.
 - Entertainment allowance – ₹ 500 per month.
 - Commission – ₹ 2,000 per month.
 - Bonus – ₹ 20,000 during the year.
 - The employer provides education facility to the younger son of Smt. Rajani at a school owned by the employer and the cost of education amount to ₹ 500 per month. The company also provides an allowance of ₹ 300 per month to meet the education expenses of her elder son.
- The salary becomes due on the last day of the current month. Calculate the income from salary taxable for Smt. Rajani for the assessment year 2021-22.



15. Smt. Maya had an agricultural land located Nagpur Municipal Corporation. She purchased it in December 1991 at a price of ₹ 1,35,000/-. The fair market value of the land as on 01st April 2001 was ₹ 3,20,000/-. She constructed a farm house there during 2008-2009 spending ₹ 1,40,000/-. She sold it in the year 2020-21 and received ₹ 43,50,000/-. Commission paid on sales was ₹ 25,000/-. From the above proceeds, she paid ₹ 10,00,000/- for the purchase of another land for agricultural purpose in February 2021. Calculate tax on capital gains, if any.
[Cost inflation indices – 2001-02 : 100; 2008-09 : 137; 2020-21 : 301]

16. From the following information furnished by Sri. Samson, calculate his gross total income for the assessment year 2021-22 as if he is (a) ordinary resident (b) resident, but not ordinarily resident and (c) non-resident.

- a) Royalty received from government of India for the services rendered in England – ₹ 48,000.
- b) Income from business earned in England ₹ 50,000 of which ₹ 30,000 were received in India.
- c) Interest received from a non-resident against loan provided to him to run a business in India – ₹ 10,000.
- d) Income from business in Netherlands – ₹ 80,000. This business is controlled from Bengaluru.

PART – C

Answer **any two** questions. **Each** question carries **8** marks.

17. What is meant by perquisites ? How do perquisites differ from allowances. Elaborate on the valuation of the following perquisites received by an employee from the employer for the purpose of income tax assessment.

- a) Residential accommodation.
- b) Use of motor car.

18. From the following information, compute taxable income of Sri. Sanoj for the Assessment Year 2021-22.

	Profit and Loss Account		(Amount in ₹)
Opening stock	35,000	Sales	4,00,000
Purchases	1,30,000	Closing stock	15,000
Wages	80,000	Gift from father	30,000
Rent	52,000	Sale of car	40,000



Repairs of Car	12,000	Income tax refund	4,000
Medical expenses	12,000		
General expenses	42,000		
Depreciation of Car	9,200		
Net Profit	1,16,800		
	4,89,000		4,89,000

Further Information :

- a) He carries on business from rented premises, $\frac{1}{4}$ th of which is used for own residence.
 - b) He bought a car during the year for ₹ 46,000. He charged 20% depreciation on the value of the car. It was sold during the year for ₹ 40,000. The use of the car was $\frac{1}{2}$ for the business and $\frac{1}{2}$ for personal use.
 - c) Medical expense was for his personal illness.
 - d) Wages include ₹ 500/- per month on account of Mr. X's driver for 10 months.
19. Sri. Kumar has the following investments as on 1 April 2020.
- a) ₹ 85,000/-, 10% Bonds issued by Government of Manipur.
 - b) ₹ 52,000/-, 10% Improvement Trust Debentures.
 - c) ₹ 35,000/-, 10% Debentures in a Silk Company.
 - d) ₹ 50,000/-, 12% Tax free bonds issued by Government of Tamil Nadu.
- On 1 October 2020, he sold Improvement Trust Debentures and purchased 15% Port Trust Bonds for ₹ 85,000/-, for which he took a personal loan of ₹ 25,000/- from Bank of Maharashtra at an annual interest of 12%. He inherited ₹ 40,000/-, 12% Ahmedabad Government Loan from his mother who died on 01 December 2020. All interests are payable half yearly on 1 January and 1 July. Compute his taxable income from other sources for the Assessment Year 2021-22.

(2×8=16)