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Name.....

Reg. No.....

**FIFTH SEMESTER (CBCSS—UG) DEGREE EXAMINATION
NOVEMBER 2024**

B.Com.

BCM 5B 09—INCOME TAX LAW AND ACCOUNTS

(2019 Admission onwards)

Time : Two Hours and a Half

Maximum : 80 Marks

Part A*Answer all questions.*

1. What do you mean by Casual Income ?
2. Explain Assessee in Default.
3. What are the additional conditions to determine the residential status of an individual ?
4. How will you determine the Annual Value of a property ?
5. What is meant by Standard rent ?
6. Explain the term block of assets.
7. What is cost of acquisition of assets acquired before 1.4.2001 ?
8. What is meant by STCG ?
9. What do you mean by grossing up of interest on securities ?
10. What is Annual accretion ?
11. Explain the exemption on children education allowance and hostel allowance.
12. Explain deduction with respect to preliminary expenses.
13. What is meant by slump sale ?
14. How HRA is taxed ?
15. What is meant by commutation of pension ?

(15 × 2 = 30, Maximum ceiling 25)

Turn over

Part B*Answer all questions.*

16. Explain the residential status of company.
17. What do you mean by capital asset ? List out the assets not considered as capital assets.
18. Shri Amitabh Bachchan, an Indian citizen went to America on 1st April, 2021 for a film shooting. Due to ill health, he had to stay there just after shooting. He came back to India on 25th September, 2021. He had to go again on 8th December, 2021 and returned to India on 15th February, 2022. Is Shri Amitabh Bachchan resident in India for the Assessment Year 2022-23. If not, overline why ?
19. Compute the annual value of the house in the following case :
- Expected rent Rs. 1,00,000 , House let-out @ Rs. 10,000 p.m. House tax paid by owner Rs. 9,000 (10 % of municipal value). House remains vacant for 1 month.
20. From the following figures, you are required to compute the depreciation admissible, for the plant and machinery, if any, in respect of the previous year relevant to the Assessment Year.
- | | Rs. |
|---|----------|
| Written down value at the beginning of the year | 2,50,000 |
| Additions during the year | 3,00,000 |
| Sales during the year | 6,00,000 |
21. Mr. P owns a residential house at Agra which he acquired in May 2009 for 2,96,000. He sells the house for Rs. 35,00,000 on 18th August, of the PY. He purchases a residential house at Kanpur on 14th February, of the PY for Rs. 20,00,000. Compute the amount of capital gains chargeable to tax for the Assessment Year 2022-23 The cost inflation index in 2009-10 is 148 and that of 2021-22 is 317.
22. Mr. Prakash retires in September 2021 after having put in 42 years of service in a company. His average salary for 10 months preceding September 2021 is Rs. 50,000 per month. He receives a gratuity of Rs. 12,50,000, Compute his taxable amount of gratuity.

23. Explain unrealised rent. What are the conditions to be satisfied to claim deduction in this respect ?

(8 × 5 = 40, Maximum ceiling 35)

Part C

Answer any two questions.

24. Shri Rajeev furnished the following particulars of his income for the Financial Year :

	Rs.
(a) Salary	15,000 p.m.
(b) Dearness Allowance	1,250 p.m.
(c) Entertainment Allowance	1,000 p.m.
(d) Employer's and Employee's contribution to a Recognised Provident Fund	24,000 each.
(e) Interest from Provident Fund @ 9.5 % p.a.	19,000
(f) City Compensatory Allowance	200 p.m
(g) Medical Allowance	10,000
(h) He has been provided with the facility of an unfurnished house by the employer in a town (population less than 10 lakh) for which the employer charges Rs. 500 p.m. The fair rent of the house is Rs. 30,000 per annum. The house is owned by the employer.	
(i) The employer has employed for him a sweeper @ Rs. 200 p.m., and a servant @ Rs. 750 p.m Compute the taxable income under the head 'Income from Salary' for the Assessment Year.	

25. Mr. Ram owns house property. Its annual letting value is Rs. 80,000. During the previous year it was let-out to a tenant on a monthly rent of Rs. 7,000. He claimed the following expenses actually incurred by him :

- (i) Municipal taxes Rs. 8,000.
- (ii) Expenses for the recovery of rent of Rs. 600.
- (iii) Maintenance Allowance paid to the step-mother Rs. 12,000 annually which was a charge on the property according to his father's will.

Turn over

The house remained vacant for one month during the previous year Compute the income from house property for the Assessment Year.

26. Shri Sharma sells his residential house in Mangaluru on 24th August, of the PY for Rs. 55,00,000 and incurs an expenditure of Rs. 1,00,000 in connection with the transfer Cost of acquisition of the house for him in 1998 was Rs. 1,80,000 and on 1st April, 2001 the fair market value was Rs. 8,00,000. On 16th January 2022 he deposited Rs. 20,00,000 in the Capital Gains Account Scheme. Compute the taxable capital gains for Assessment Year .The cost inflation index for 2001-02 was 100 and that in 2021-22 it was 317.
27. Explain the term transfer in computing Capital gain.

(2 × 10 = 20 marks)

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**FIFTH SEMESTER (CBCSS—UG) DEGREE EXAMINATION
NOVEMBER 2023**

B.Com.

BCM 5B 09—INCOME TAX LAW AND ACCOUNTS

(2019 Admission onwards)

Time : Two Hours and a Half

Maximum : 80 Marks

Part A*Answer all questions.*

1. What do you mean by Total Income ?
2. Distinguish between Assesse and Deemed assessee.
3. Which are the deductions from salary allowed under Income Tax ?
4. What is meant by gratuity? How it is taxed for the government employees ?
5. How is self occupied house valued ?
6. Explain the provisions relating to additional depreciation on plant and machinery.
7. What is cost of bonus shares while calculating the capital gain ?
8. What is meant by LTCG ?
9. State any *four* situations in which gifts are not taxable.
10. How Gross Annual Value of a house property is calculated ?
11. Give any *two* allowances which are fully exempted.
12. What is meant by block of assets ?
13. What is cost of acquisition ?

Turn over

14. How HRA is taxed ?
15. What are capital assets ?

(15 × 2 = 30, Maximum ceiling 25)

Part B

Answer all questions.

16. Explain Accelerated Assessment.
17. Which are the incomes from house property exempted from tax ?
18. Shri Ramesh, who was born and brought up in India, went for further studies to U.K. on 1st March, 2020 and came back to India on 1st October, 2021 early in the morning. Find out his residential status for the Current Assessment Year 2022-23.
19. Compute the annual value of the house in the following cases :

		Rs.
Municipal value	...	1,00,000
Fair rent	...	1,20,000
Standard rent	...	90,000
Actual rent received	...	1,32,000

Municipal tax 10 % of M.V. paid by owner.

20. On 1st April, 2021 the written down value of a block of assets comprising twelve machines (rate of depreciation 25 %) is Rs. 13,00,000. A new machine falling within that block is acquired on 1st November 2021 for Rs. 2,00,000. On 20th March 2022, all the twelve old machines were sold for Rs. 1,00,000 leaving only the newly acquired machine within the block. Compute the amount of depreciation. The assessee is not entitled to additional depreciation on machine.
21. From the following information compute the capital gains for the Assessment Year :

	Rs.
Date of purchase May, 1997	
Cost of acquisition	1,90,000
Cost of additional construction in 2,000	10,000
Fair Market value on 1 st April, 2001	1,75,000
Cost of additional construction in 2014-15	48,000
Sale Proceeds of property in 2021-22	14,00,000

Cost inflation indices are : 2001-02 : 100, 2014-15 : 240, 2021-22 : 317.

22. Mr Selvan retired from service on 31st December, 2021. His pension was fixed at Rs. 6,000 p.m. He commutes half of his pension and received Rs. 2,70,000. Compute the taxable amount of commuted pension, if he is a private employee who get gratuity.
23. Explain the incomes chargeable under income from other sources.

(8 × 5 = 40, Maximum ceiling 35)

Part C

Answer any two questions.

24. Mrs. X, a salaried employee in A Co. Ltd., and an Indian citizen, gets a salary of Rs. 50,000 per month. She is given a small car which she uses for her official work as well as for her personal matters. The company maintains the car fully including the driver's salary. The provident fund is also maintained by his employer which is recognised and for the year ended , the employer's contribution and the employee's contribution amounted to Rs. 80,000 each and interest is credited @ 9.5 % p.a. to Mrs. X's provident fund account.

In terms of service Mrs. X is required to entertain the clients of A Co. Ltd. and she gets an allowance of Rs. 5,000 p.m. for this purpose.

The company provides her with a rent-free unfurnished accommodation in Mumbai and pays a rent of Rs. 15,000 p.m. to the owner of such accommodation. She was provided with a gardener, for the upkeep of the garden, to whom employer paid Rs. 500 p.m.

Compute her taxable salary for the Assessment Year.

25. From the following information compute the annual value of the house:

	Rs.
Municipal value	... 2,00,000
Fair rent	... 1,80,000
Standard rent	... 2,50,000
Actual rent	... 30,000 p.m.

Municipal tax paid by the owner Rs. 15,000 and by the tenant Rs. 15,000.

Building remained vacant for two months during the previous year.

Unrealised rent Rs. 30,000. Conditions of Rule 4 are satisfied.

Turn over

26. Mr. X acquired a plot of land on 30.6.2000 for Rs. 4,20,000. Brokerage and other incidental expenses on acquisition of plot were Rs. 1,48,500. Its fair market value on 1.4.2001 was Rs. 8,50,000. Mr. X sold the plot of land on 30.6.2021 for Rs. 55,00,000. What will be the amount of capital gains for the Assessment Year 2022-23. Can he claim a deduction for ground rent paid by him amounting to Rs. 5,000 during the period when he held the asset ? Cost inflation index in 2001-02 was 100 and that in 2021-22 it was 317.
27. Explain any *ten* incomes exempted from tax.

(2 × 10 = 20 marks)

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NOVEMBER 2022**

B.Com.

BCM 5B 09—INCOME TAX LAW AND ACCOUNTS

(2019 Admission onwards)

Time : Two Hours and a Half

Maximum : 80 Marks

Part A*Answer all questions.**Each question carries 2 marks.*

1. What is Gross Total Income ?
2. Who is 'Assessee in default' ?
3. Define 'Previous Year'.
4. What do you mean by 'Profit in lieu of salary' ?
5. State any *four* tax free perquisites.
6. Who is a specified employee ?
7. What is the meaning of the term 'Standard Rent' ?
8. What is the tax treatment of self-occupied house property ?
9. What are the conditions of Rule 4 to claim unrealised rent ?
10. What is Block of assets ?
11. Define the term 'Business'.
12. Explain the term 'Vocation'.
13. What is the meaning of 'Transfer' in the computation of Capital Gains ?
14. What is indexed cost of acquisition?
15. What do you mean by Bond washing transactions ?

(15 × 2 = 30, Maximum ceiling 25 marks)

Turn over

Part B

*Answer all questions.
Each question carries 5 marks.*

16. ABC Company Ltd took a house on rent and allotted it to its employee. From the following information find out the value of perquisite of accommodation :

	Rs.	
(i) Rent paid for the year	...	60,000
(ii) Salary	...	5,00,000
(iii) Cost of furniture provided in the house	...	60,000
(iv) Rent charged from employee per month	...	1,000

17. Shri Shyam, who was born and brought up in India, went for further studies to U.K. on 1st March, 2019 and came back to India on 1st October, 2020 early in the morning. Find out his residential status for the Assessment Year 2021-22.
18. A partnership firm is dissolved. It's one short-term capital asset costing 1,00,000 is taken over by a partner at an agreed price of 1,10,000, whereas the fair market value of the asset is 1,50,000. Compute the amount of capital gains.
19. Dr. Prasanth was working with two companies A and B. He retired from company A in 2019 after serving for 24 years. He received 1,50,000 as death-cum-retirement gratuity on which he got full exemption. He also retired from company B in July, 2020 after serving for 42 years and 10 months. He received 9,75,000 as gratuity. The average salary from the company for the last ten months immediately preceding the month in which he retired was 45,000 p.m. Compute the exempted amount of gratuity for the Assessment Year 2021-22 assuming that he is not covered by the Payment of Gratuity Act.
20. State any *ten* incomes exempted from income tax.
21. The following are the incomes of Mrs. Sheela for the previous year 2020-21 :

		Rs.
(1) Income from agriculture in Pakistan	...	30,000
(2) Income from Salary received in India but the services were rendered in Iraq (Computed)	...	12,000
(3) Income from a business carried on in India	...	12,000
(4) Income earned and received in Bangladesh from bank deposits there	...	6,000
(5) Income from business in Ceylon but controlled from India	...	14,000

Compute Mrs. Sheela's Gross Total Income for the Assessment Year 2021-22 if she is a Non-resident.

22. How the value of residential accommodation is calculated under the head salaries ?
23. Describe the way of calculating income from house property.
(8 × 5 = 40, Maximum ceiling 35 marks)

Part C

*Answer any two questions.
Each question carries 10 marks.*

24. Mr. Selvan is employed in Kolkata, in a public limited company. He furnished the following details of his salary for the year ended 31st March 2021. Compute his taxable income from salary :
- Basic salary : 20,000 p.m. upto 31st December 2020, afterwards—22,000 p.m.
 Bonus—5,000
 Commission—10,000
 Arrear salary of 2015-16 (received on 25th May 2020)—10,000
 Dearness Allowance 10 % of the basic pay (under the terms of employment)
 Entertainment allowance—1,000 p.m.
 City compensatory allowance—1,200 p.m.
 Festival Allowance—2,500
 Transport Allowance—200 p.m.
 Conveyance Allowance—1,000 p.m.
 Travelling Allowance—1,500 (only 1,000 spent for the purpose)
 Helper Allowance—3,000 p.m. (appointed a part-time helper on a monthly salary of 2,000 p.m.)
 House Rent Allowance 4,000 p.m. (Rent paid 3,000 p.m.)
 Profession Tax paid to Kolkata municipality—2,000.
25. Shri Prakash has a house property let-out for residential purposes. The following are the details of the property let-out :
- Municipal rental value 8,500 p.m.
 Actual rent realised 9,000 p.m.
 Rent payable under Rent Control Act 8,500 per month.
 The rent payable for a similar house is 9,000 p.m.
 He has paid 15 % of the Municipal valuation as local taxes, 2 % of valuation as Education and Health Cess.
 The construction of property began in September 2015 and completed in February 2018. He had borrowed loan for the construction of the house property, on which he has paid 2,00,000 as interest upto 31.3.2017 and 50,000 as interest during the previous year.
 Fire Insurance Premium paid 2,000 p.a.
- Compute the income from house property for the A.Y. 2021-22.

Turn over

26. Discuss the capital gains which are exempted from tax.
27. Following is the summarised profit and loss account of a trader for the year ended 31st March 2021. Compute his taxable income from business for the Assessment Year 2021-22 :

	Rs.		Rs.
To Salary	86,000	By Gross profit	3,25,000
” Income tax	10,000	” Interest from bank	12,500
” Life insurance premium	5,000	” Dividend	10,000
” Office expenses	6,000	” Profit on sale of land	80,000
” Audit fees	10,000	” Bad-debts recovered	5,000
” Donations (approved)	20,000		
” Bad-debts	6,200		
” Provision for doubtful debts	2,000		
” Rent	12,000		
” Depreciation	16,300		
” General expenses	8,100		
Net Profit	2,50,900		
	<u>4,32,500</u>		<u>4,32,500</u>

Additional Information :

- (1) Bad-debts recovered is on bad-debts allowed earlier.
- (2) General expenses include 1,000 legal expenses paid in connection with a personal case of the trader.

(2 × 10 = 20 marks)

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FIFTH SEMESTER U.G. DEGREE EXAMINATION, NOVEMBER 2021]

(CBCSS–UG)

B.Com.

BCM 5B 09—INCOME TAX LAW AND ACCOUNTS

(2019 Admissions)

Time : Two Hours and a Half

Maximum : 80 Marks

Section A

*Answer at least ten questions.
Each question carries 3 marks.
All questions can be attended.
Overall Ceiling 30.*

1. Who is an Assessee in default ?
2. What is 'Agricultural Income' ?
3. Who is an ordinarily resident individual ?
4. What are the deductions allowed from gross salary under Section 16 ?
5. Give a list of fully exempted allowances.
6. Write a short note on the tax treatment :
 - (a) Children Education Allowance.
 - (b) Children Hostel Allowance.
7. What is Fair rental value ?
8. What are the conditions of Rule 4 to claim unrealised rent ?
9. How is unrealised rent recovered treated for tax purposes ?
10. Define the term 'Business'.
11. Explain the term 'Vocation'.
12. How will you treat capital expenditure on scientific research ?
13. What is the meaning of short-term capital asset ?
14. Explain 'Capital Gain Account Scheme 1988'.
15. What do you mean by Grossing up ?

(10 × 3 = 30 marks)

Turn over

Section B

*Answer at least five questions.
Each question carries 6 marks.
All questions can be attended.
Overall Ceiling 30.*

16. Sri. Ravi of Kozhikode gets Rs. 72,000 as basic salary. Rs. 6,000 as dearness pay, Rs. 8,000 as dearness allowance and Rs. 20,000 per annum as fixed commission during the previous year. He also received Rs. 30,000 as HRA though he paid Rs. 36,000 as rent. Compute the amount of HRA exempt from tax.
17. Mr. Ved Prakash retired from a factory after serving for 30 years and 8 months in June, 2020. His monthly wages (including dearness allowance but excluding all other allowances) on the date immediately preceding the date of retirement was Rs. 20,800. He received 3,72,000 from his employer as gratuity under the Payment of Gratuity Act, 1972. Compute the exempted amount of gratuity.
18. Mr. Nair owns a house which is self-occupied by him throughout the P.Y. 2020-21. The following are the details :

	Rs.
Municipal value of the house	60,000
Fair rental value	85,000
Municipal tax paid	10%
Fire insurance	600
Interest on loan for the construction of the house paid during the previous year	56,000

Compute income from house property for the Assessment Year 2021-22.

19. Mr. Satheesh acquired Rs. 4,000 shares of Premier Ltd. on 15 July 2019 at a cost of 25 per share. On 13th May 2020, he sold 3000 shares at 35 per share and paid brokerage of 1 per share. Compute capital gain.
20. Income-tax is assessed on the income of the previous year in the next assessment year. State the exceptions of this rule.
21. Mr. Pramod, an Indian origin came to India for the first time on 1st November, 2019. He stayed at Mumbai upto 10th May, 2020, and thereafter remained in Bengaluru till his departure on 20th October 2020. Determine his residential status for the Assessment Year 2021-22.
22. Which are the incomes from house property totally exempt from tax ?
23. Explain the meaning of 'Block of Assets'.

(5 × 6 = 30 marks)

Section C

*Answer any two questions.
Each question carries 10 marks.*

24. Mr. Mahesh, an employee of MRF Ltd., Kottayam furnishes you the following information for the previous year 2020-21 :

	Rs.
Basic salary	15,000 p.m.
Dearness allowance	6,000 p.m.
Bonus	5,000
Entertainment allowance	500 p.m.
City compensatory allowance (CCA)	1,000 p.m.
Tiffin allowance	5,000
Festival allowance	2,500
Conveyance allowance (He spends 1,400 p.m. for such purpose)	2,400 p.m.
Uniform allowance (He spends 4,000 on the purchase of uniform).	6,000
Education allowance for 3 children	200 p.m. per child
House rent allowance (Actual rent paid for a house 3,000 p.m.)	6,000 p.m.
Profession tax paid	2,500

Compute taxable salary of Mr. Mahesh for the assessment year 2021-22.

Turn over

25. Mr. Andrews, a British citizen in India is engaged in electronic equipment business in Delhi. For the financial year 2020-21, he prepared the following statement of income :

	Rs.		Rs.
Bad debts	40,000	Income from trading	6,54,000
Provision for bad debt	10,000	Bad debts recovered	10,000
Loss on sale of motor		Sundry receipts	6,000
Car (personal)	1,40,000	Profit on sale of land -	
Interest on own capital	68,000	in India 2,80,000	
Charity and donations	50,000	in USA 10,00,000	12,80,000
Loss by theft	24,500		
Depreciation	91,000		
General expenses	2,15,500		
Advertisement	74,000		
Entertainment			
allowance to employees	42,000		
Surplus	11,95,000		
	19,50,000		19,50,000

General expenses include Rs.15,000, being advance paid for purchasing a computer. Depreciation allowable Rs. 70,000. Advertisement expenditure of Rs. 14,000 is not supported by documents. Compute his income from business for the Assessment Year 2021-22.

26. How would you determine the annual value of house property ? State the deductions that are allowed from the annual value for computing the income from house property.
27. Mr. Amar Nath purchased a house in Delhi in 2000 for Rs. 1,00,000 and added two rooms and a verandah in the house at a cost of Rs. 30,000 in 2000. He made improvements in the house and added two bathrooms at a cost of Rs. 2,40,000 in May 2014.

Mr. Amar Nath sells the house on 1st July, 2020 for Rs. 25,00,000. Find out the capital gain or loss, if the fair market value of the house on 1st April, 2001 was Rs. 4,00,000. The cost inflation indices in 2001-02, 2014-15 and 2020-21 were 100, 240 and 301 respectively.

(2 × 10 = 20 marks)