

E 4416

(Pages : 4)

Reg. No.....

Name.....

B.Com. DEGREE (C.B.C.S.S.) EXAMINATION, OCTOBER 2012

Fifth Semester

INCOME TAX LAW AND PRACTICE

(Common for Optional Stream Finance and Taxation of Model I and Model II B.Com. and U.G.C. sponsored B.Com. Taxation)

Time : Three Hours

Maximum Weight : 25

Answers may be written either in English or in Malayalam.

Section A

Answer all questions.

Each bunch of four questions carries weight of 1.

I. Choose the correct answer from the choices given :

1. The Income Tax Act, 1961 came into force with effect from :
(a) 1st April 1961. (b) 1st April 1962.
(c) 31st March 1962. (d) None of these.
2. Rate of income tax are fixed under :
(a) The Income Tax Act. (b) Notification of C.B.D.T.
(c) The Finance Act. (d) An Ordinance.
3. Due date of salary :
(a) First day of the month. (b) Last day of the month.
(c) First day of the next month. (d) Last day of the next month.
4. For income-tax purpose, the house means :
(a) Godown. (b) Building for office use.
(c) Dwelling house. (d) All of these.

II. Fill in the blanks :

5. The deduction for expenses of the rented house except interest on loan is _____.
6. Income from paying guest accommodation is chargeable under the head _____.
7. The income from sale of Household furniture _____.
8. The salary of the M.P. is taxable under the head _____.

Turn over

III. State whether the following are True or False :

9. The income earned from illegal business is also taxable.
10. Deductions made by the employer out of salary should not be added to salary income.
11. Agricultural income is tax free.
12. Salary received by a partner from the firm is assessable under the head "Salaries".

IV. Match the following :

- | | | |
|----------------|---|-----------------------|
| 13. Income tax | — | (a) Exempted incomes. |
| 14. Section 10 | — | (b) Indirect tax. |
| 15. Gratuity | — | (c) Capital asset. |
| 16. Jewellery | — | (d) Fully exempted. |
| | | (e) Fully taxable. |
| | | (f) Direct tax. |

(4 × 1 = 4)

Section B

Answer any five questions.

Each questions carries a weight of 1.

17. What is gross total income ?
18. Define the term "Assessee".
19. What is surcharge ?
20. Who is a non-resident individual ?
21. Give any *two* exempted allowances.
22. What are pre quisites ?
23. What is annual value ?
24. What is capital asset ?

(5 × 1 = 5)

Section C

Answer any four questions.

Each questions carries a weight of 2.

Answers should not exceed half a page each.

25. Distinguish between previous year and assessment year.
26. Write note on House rent allowance.

27. What are the deductions allowed from annual value of house property while computing the income from house property ?
28. Explain the meaning of Business and Profession.
29. From the following information of Mr. John, Compute the annual value of the let out portion of the house for the assessment year 2012–13. Municipal value Rs. 20,000, Municipal Tax paid Rs. 4,000. House is being used for self residential purposes but let out 1/4th portion @ Rs. 400 per month with effect from 1st January, 2012.
30. Resident of Mr. Ravi gets Rs. 72,000 as salary, Rs. 6,000 as dearness pay Rs. 6,000 as dearness allowance and Rs. 10,000 per annum as fixed commission during the previous year. During previous year he received Rs. 30,000 as house rent allowance though he paid Rs. 36,000 as rent. Compute house rent allowance exempt from tax.

(4 × 2 = 8)

Section D

Answer any two questions.

Each questions carries a weight of 4.

31. The following are the particulars of income of Mr. Gupta for the previous year ended on 31st March, 2012.
 - (a) Salary Rs. 4,500 p.m.
 - (b) Bonus equal to two month's pay.
 - (c) Dog allowance Rs. 75 p.m.
 - (d) Special allowance Rs. 60 p.m.
 - (e) Employee's contribution to a recognised PF @ 15% of salary.
 - (f) Employer's contribution to the fund @ 15% of the salary.
 - (g) Interest credited to the PF @ 9.5% p.a. is Rs. 2,800.
 - (h) He is provided with free lunch in office. The cost per meal is Rs. 30.
 - (i) The employer has given him the use of a small car which he uses for personal and official purposes. He meets the expenses for personal purpose from out of his pocket.

Compute the income of Mr. Gupta from salaries for the A.Y. 2012–13.

32. From the following information determine the annual value of the house :

Municipal value	Rs. 80,000
Fair rent	Rs. 1,20,000
Standard rent	Rs. 1,00,000

Turn over

The House was self-occupied for four months and then let-out.

(a) @ Rs. 10,000 p.m.

(b) @ Rs. 15,000 p.m.

Municipal tax paid by the owner Rs. 10,000.

33. Shri. Chamy is a Chartered Accountant. He has prepared following income and expenditure account for the year ending 31st March, 2012.

Income and Expenditure Account.

<i>Expenditure</i>	<i>Rs.</i>	<i>Income</i>	<i>Rs.</i>
Office expenses	10,000	Audit fees	1,70,000
Employee's salary	5,000	Gift from father-in-law	5,050
Books (other than annual publications)	5,500	Dividend	8,000
Personal expenses	1,02,000	Profit on sale of investments	6,450
Donation to NDF	500		
Interest	700		
Income tax	13,300		
Car expenses	2,000		
Net surplus	51,000		
	<u>1,90,000</u>		<u>1,90,000</u>

You are required to compute his professional income for the A.Y. 2012–13 considering.

- The car is used equally in official and personal purpose and allowed depreciation for official work is Rs. 500.
- Rs. 1,000 domestic servant salary is included in employee's salary.
- Loan has been taken for personal purposes.

(2 × 4 = 8)