

**B.Com. DEGREE (C.B.C.S.S.) EXAMINATION, OCTOBER 2014****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 a weight of 1.*

I. Choose the correct answer from the choices given :

1. Incomes which accrue or arise outside India but are received directly into India are taxable in case of :
  - (a) Resident only.
  - (b) Both ordinarily resident and NOR.
  - (c) Non-resident.
  - (d) All the assesseees.
2. Meals provided to employee in the office by the employer shall be exempt up to maximum of :
  - (a) Rs. 50.
  - (b) Rs. 100.
  - (c) Rs. 150.
  - (d) Rs. 200.
3. Tax rates are fixed by :
  - (a) CBDT.
  - (b) Annual Finance Act.
  - (c) Income Tax Act.
  - (d) Finance Minister.
4. Municipal tax of house property can be deducted on :
  - (a) Payment basis.
  - (b) Due basis.
  - (c) Both on due and payment basis.
  - (d) One-fifth basis.

II. Fill in the blanks :

5. From annual value, deductions are allowed for \_\_\_\_\_.
6. HUF is said to be resident in India if the control and management of its affairs is situated \_\_\_\_\_ in India.
7. There are \_\_\_\_\_ heads of income into which income of persons can be divided.
8. Tax liability of a person is based on \_\_\_\_\_.

**Turn over**

III. State whether the following are True or False :—

9. Depreciation will be allowed only on tangible assets.
10. Property income of a trade union is not taxable.
11. 'Profit in-lieu of salary' is taxable under the head 'other sources'.
12. An Indian company is always resident in India.

IV. Match the following :—

- |                                |  |
|--------------------------------|--|
| 13. Income tax Rules           | (a) SPF.   |
| 14. Accelerated assessment     | (b) Periodical payment of pension.                           |
| 15. Employee stock option plan | (c) Keyman insurance policy.                                 |
| 16. Commuted Pension           | (d) CBDT.  |
|                                | (e) Perquisite.  |
|                                | (f) Central government subject.                              |
|                                | (g) Discontinued business.                                   |
|                                | (h) The lump sum received in lieu of the periodical pension. |

(4 × 1 = 4)

• Section B

*Answer any five questions.  
Each question carries a weight of 1.*

17. Define previous year.
18. What is Gross Total Income ?
19. When does an individual become 'non-resident' in India ?
20. State any three tax-free perquisites.
21. What is meant by standard rent ?
22. What is 'Block' of Assets ?
23. Who is an assessee in default ?
24. What is capital profit ?

(5 × 1 = 5)

Section C

*Answer any four questions.  
Weight 2 each.  
Answer should not exceed half a page each.*

25. Define Agricultural Income. Explain partly agriculture and partly business income.
26. How would you determine the residential status of an individual ?



27. Discuss the tax treatment of medical benefits provided by the employer to employee.
28. Define Annual Value. How is it determined ?
29. Sivakumar an Indian citizen leaves India to USA for a job on 21.9.2013. What will be his residential status for the assessment year 2014-15 if he has never left India earlier ?
30. From the following particulars of Rajesh, compute the taxable house rent Allowance :—  
 Basic Salary Rs. 6,000 p.m.  
 Dearness Allowance Rs.1,000 p.m.  
 House rent allowance Rs. 800 p.m.  
 Actual rent paid Rs.1,200 p.m.

(4 × 2 = 8)

### Section D

*Answer any two questions.*

*Each question carries a weight of 4.*

*Answers should not exceed four pages each.*

31. Mr. Shyam Sunder is working in a private company at Chennai in the grade of 8,000-200-12000 since 1-1-2010. He gets Rs. 5,500 p.m. as dearness allowance and 10% of the basic pay as city compensatory allowance. He has been provided with unfurnished accommodation by the employer owned by it, of the estimated rental value of Rs. 3,500 p.m.. He has been provided with the facility of a gardener, a watchman and a servant who are paid by the employer at Rs. 500 p.m., Rs. 120 p.m. and Rs. 750 p.m. respectively. He contributes 15% of his pay and dearness allowance to the Recognised Provident Fund towards which the employer contributes an equal amount.  
 Interest amounting to Rs. 5,600 has been credited on the balance of Rs. 70,000 standing to the credit of his Provident Fund Account. Employment tax paid by him Rs. 3,000.  
 Assuming that the salary becomes due on the first day of the next month, determine his income from salary for the A.Y. 2014-15.
32. Shri. Raghav is the owner of three houses. Compute his income from house property for the assessment year 2014-15 :  
 First house—self occupied for residence. Municipal values Rs. 60,000 ; Municipal Tax Rs. 12,000 and interest on loan taken to purchase it on 01-05-2013 Rs.75,000.  
 Second house—Municipal value Rs. 6,500, let out at Rs. 500 per month. Local Taxes Rs. 500, Repairs Rs. 100, Ground Rent Rs. 100 and Collection Charges Rs. 600.  
 Third house—Municipal value Rs. 3,000 ; used in his own business. All the above expenses have been paid.

Turn over

33. The Net Profit of Mr. Satheesh of Madurai as per his Profit and Loss are for the year ended 31-03-2014 after charging the following item was Rs. 2,40,000 :—

	Rs.
(a) Interest on capital ...	20,000
(b) Salary to staff ...	1,16,000
(c) Office expenses ...	3,000
(d) Bad debts written-off ...	13,000
(e) Provision for bad debts ...	10,000
(f) Provision for income tax ...	16,000
(g) Donation ...	10,000
(h) Depreciation ...	17,000

Depreciations allowable as per the Act is only Rs. 12,000. Compute Income from business.

(2 × 4 = 8)