

B.Com. DEGREE (C.B.C.S.S.) EXAMINATION, MARCH 2017**Sixth Semester****Core Course—INCOME TAX ASSESSMENT AND PROCEDURE**

(For the Optional Stream Finance and Taxation of Model I and Model II B.Com. and UGC sponsored B.Com. Taxation)

[2013 Admission onwards]

Time : Three Hours

Maximum : 80 Marks

Part A

Answer all questions.

Each question carries 1 mark.

1. What is capital asset ?
2. What is General chargeability ?
3. What do you mean by "set-off" ?
4. What is meant by aggregation of income ?
5. Who is Tax Recovery Officer ?
6. What is AOP and BOI ?
7. State various kinds of securities.
8. What is Tax clearance certificate ?
9. What is Bonus share ?
10. What do you mean by Recovery of tax ?

(10 × 1 = 10)

Part B

Answer any eight questions.

Each question carries 2 marks.

11. How to calculate short-term and long-term capital gain ?
12. What is capital gains account scheme ? Explain.
13. What is bond washing transaction ? Give examples.
14. What expenses are not allowed to be deducted under the head "Income from other sources" ?
15. Discuss the provisions of the Income-tax Act relating to the set-off of losses.
16. Write a brief note on Deduction under Chapter VI of the Income-tax Act.
17. State the powers of Chief Commissioners of Income-tax.

Turn over

18. State the functions of Inspectors of Income-tax.
19. What are the various types of return of income return through TRP ?
20. What is TCS TAN ? Explain.
21. How to compute capital gain from conversion of capital asset into stock in trade ?
22. Write a note on specific chargeability and grossing up of interest.

(8 × 2 = 16)

Part C

*Answer any six questions.
Each question carries 4 marks.*

23. State any ten incomes chargeable of Income Tax under the head income from other sources.
24. Explain various procedures for assessment.
25. What are the conditions to be satisfied to carry forward business losses ?
26. Compute the Total Income of Mr. Vairam from the particulars given below for the AY 2015-16 :
 - (i) Business income – Rs. 2,04,300.
 - (ii) Long-term capital gain – Rs. 30,000.
 - (iii) Race winnings (Horse) – Rs. 10,000.
 - (iv) Amount deposited in PPF – Rs. 20,000.
 - (v) NSC VIII issue purchased – Rs. 10,000.
27. Mrs. Jacob, an ordinary resident of India, received the following incomes as interest on investments in securities during the year ended 31-03-2015 :
 - (a) Rs. 1,000 as interest on Central Government Bonds.
 - (b) Rs. 7,200 as interest on Debentures issued by a local authority.
 - (c) Rs. 5,600 as interest on Debentures of 'A' Ltd. (unlisted).
 - (d) Rs. 2,700 as interest on Debentures of 'B' Ltd. (listed).
 - (e) Rs. 4,800 as interest on Tax Free Debentures of 'C' Ltd. (unlisted).

Determine Mrs. Jacob's interest on securities under the head 'Income from other sources' for the Assessment Year 2015-16.

28. From the following particulars of income of assesses A, B and C, how the capital losses shall be set-off and carried forward for the previous year ending 31-3-2015 :

		Rs.
A.	(i) Business income	... 15,000
	(ii) Short-term capital loss	... 1,200
	(iii) Long-term capital gain (shares)	... 7,200
	(iv) Long-term capital gain on sale of jewellery	... 20,000
B.	(i) Business income	... 30,000
	(ii) Short-term capital loss	... 40,000

C. (i) Business income	...	60,000
(ii) Short-term capital gain	...	20,000
(iii) Long-term capital gain (land)	...	17,000
(iv) Carry forward loss (short-term capital assets)	...	50,000

29. Explain the basis of computation of capital gain on Right shares.

30. What is basis of charge ? Explain.

31. State the merits and demerits of advance payment of tax.

(6 × 4 = 24)

Part D

*Answer any two questions.
Each question carries 15 marks.*

32. State the provisions relating to advance payment of tax and refund of tax.

33. From the following information, compute income from other sources of Mr. Arul :

	Rs.
Interest on deposits with a company	... 10,000
University remuneration for working as examiner	... 6,000
Royalty for writing books :	
He claims to have spent Rs. 20,000 on writing theses books	... 60,000
Dividend declared by Raja Company on 1-3-2015 but paid on 1-5-2015	... 6,000
Interim dividend paid on 1-5-2015	... 3,000
Stake money on race horses :	
Horses are maintained by him and expenses on maintenance of these horses are Rs. 2,40,000	... 1,50,000
Family pension received	... 36,000

34. Mr. Arun, an Indian resident, furnishes the following particulars of his income for the assessment year 2015-2016. You are required to deal with set-off and carry forward of losses :

Particulars	Amount (Rs.)
Income from securities (Gross)	... 10,000
Income from residential house (computed)	... 5,000
Profits from rayon business	... 25,000
Income from an agency business	... 2,000
Speculation business	... 2,000
Short-term capital gain	... 4,000
Long-term capital gain	... 9,500

Turn over

The carry forward items from the assessment year 2014-2015 are :

<i>Particulars</i>	<i>Amount</i> (Rs.)
Loss from hosiery business (discontinued in 2012-13) ...	4,000
Loss in agency business ...	3,000
Loss from rayon business ...	3,000
Speculation loss ...	4,000
Short-term capital loss ...	6,000
Long-term capital loss (of previous year 2012-13) ...	6,500

Current year's depreciation for rayon business is Rs. 500.

35. What are the powers of CBDT ? Explain the powers of Income-tax Authorities relating to search and seizure u/s 132.

(2 × 15 = 30)