

B.Com. DEGREE (C.B.C.S.S.) EXAMINATION, MARCH 2015**Sixth Semester****4.—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

Time : Three Hours

Maximum Weight : 25

Answers may be written in English or in Malayalam.

Par A

*This section consists of four bunches of four questions each.
Each bunch carries a weight of 1.
Answer all questions.*

I. Choose the correct answer from the following :

- 1 Exemption under section 54F will be provided if the assessee acquires or construct
 - (a) A residential house. (b) A commercial house.
 - (c) Residential or commercial house. (d) Both residential and commercial house.
- 2 Winnings from lottery will taxed at _____ % rate.
 - (a) 10. (b) 20.
 - (c) 30. (d) Normal
- 3 Income of a minor child is included in the total income of :
 - (a) Transfer of asset. (b) Father.
 - (c) Parent whose income is greater. (d) None of these.
- 4 If a person, without reasonable cause, fails to apply for PAN within the prescribed time penalty will be
 - (a) Rs. 10,000 (b) Rs.50,000.
 - (c) Rs.20,000.

II. Fill in the blanks :

- 5 When an income of a minor son is clubbed with income of a parent, he/she is entitled to a deduction of Rs. _____ for each such minor son.
- 6 Deduction u/s 80 D is for _____.
- 7 In the case of asset acquired before 1st April 1981 Cost of acquisition will be _____.
- 8 Dividend distributed by a domestic company shall be exempt tax u/s _____.

Turn over

III. State whether the following statement are true or false :

- 9 Maximum deduction under chapter VI A can exceed GTI.
- 10 Loss from illegal business can be set off against income from lawful business.
- 11 Salary of a Member of Parliament is assessed under the head Salary.
- 12 A revised return can be filed after filing Belated return.

IV. Match the following A with B .

A	B
13 Net winnings from lottery	(a) Indexed cost of acquisition.
14 Interest on Post Office S.B Account	(b) Other sources.
15 CII	(c) Bond washing transaction.
16 Family pension	(d) Exempt u/s 10(15).
	(e) Grossed up.
	(f) Capital gain.

(4 × 1 = 4)

Part B

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

- 17 Write four items taxable under the head 'Income from other sources'.
- 18 What is indexed cost of improvement ?
- 19 What do you mean by clubbing of income ?
- 20 What is Belated return ?
- 21 Mention three functions of CBDT.
- 22 What is 'Adjusted Total Income' for the purpose of Section 80 G ?
- 23 What is Rectification of mistake ?
- 24 Who is an Assessing Officer ?

(5 × 1 = 5)

Part C

*Answer any four questions.
Each question carries a weight of 2.*

- 25 Discuss the transactions which are not regarded as transfer u/s 47.
- 26 In what circumstances is the income of one person treated as the income of another ?

- 27 What are the various authorities envisaged in the Income Tax Law ?
- 28 Mention any eight situations where 'PAN' is compulsory.
- 29 Mr. Athul provides the following data regarding his transaction, for the sale of his residential house for assessment year 2014-15.

Compute the amount of Capital Gain to be included in the Total Income for the assessment year 2014-15 :

	Rs.
House purchased in 1984-85	4,00,000
Sold in November, 2013	40,00,000
Purchased another house in September, 2013	6,50,000
Deposited in the Capital Gains Account Scheme, 1988 in January, 2014	3,00,000
The Cost Inflation Index is as under :	
1984-85—125, 2013-14—939.	

- 30 Mr. Jacob, a resident in India, submits the following particulars of his income.

	Rs.
1 Dividend from a foreign company	1, 50,000
2 Dividend from an Indian company	40,000
3 Dividend from another Indian company (dividend as per sec.2 (22) (e) Gross)	50,000
4 Winnings from lottery (Net)	58,400
Tax deducted at source	41,600
5 Winnings from card games (gross)	15,000
6 Interest on Japan Govt. securities	30,000
7 Interest on enhanced compensation received from Central Govt.	18,000

Determine the income chargeable under the head "Income from other sources".

(4 × 2 = 8)

Part D

Answer any **two** questions.
Each question carries a weight of 4.

- 31 The following are the particulars of the income of Shri Vijay who is employed in a textile mill company at Poona for the year ended 31st March, 2014:
- (a) Salary at Rs 16,000 per month and his travelling allowance for going on tours for the year amounted to Rs. 2,800.

Turn over

- (b) He contributed at 13% to his Recognised Provident Fund to which the Company contributed an equal amount. The interest on his Provident Fund amounted to Rs.4,500.
- (c) He owns two bungalows one of which is let at Rs.2,000 per month and the other is occupied by him for his residence, the annual rental value of the same being Rs.1,960. He has paid Rs. 200 as ground rent and insurance charges in respect of the first bungalow and Rs.150 in respect of the second. The municipal taxes paid by him in respect of the two bungalows amounted to Rs. 4,000 and Rs. 1,800 respectively, and he spent Rs.3,000 on whitewashing and petty repairs in respect of both the bungalows.
- (d) He received in cash Rs. 8,500 as interest on Government Securities and Rs. 4,475 as dividend from a domestic company.
- (e) He has insured his life in 2010 and pays annual premium of Rs. 2,000 on his policies of Rs.15,000.

Compute his total income for the assessment year 2014-15.

- 32 In respect of the assessment year 2014-15, Mr. Anil furnishes the following particulars and requests you to work out his tax liability :

	Rs.
1 Business Income	6,20,000
2 Capital Gains Long Term	60,000
3 Other sources :	
(a) Interest on Govt. Securities	9,000
(b) Interest on Debentures (No TDS)	<u>5,000</u>
	14,000
Gross Total Income	<u>6,94,000</u>
Deductions:	
1 Contributions towards :	
(a) LIC Pension Scheme	15,000
(b) LIC Premium	10,000
2 Contribution to Public Provident Fund	10,000
3 Investment in National Savings Certificates	45,000
4 Medical Treatment of Disabled Dependent	20,000

33. What do you understand by the term 'Capital Gains' used in the Income Tax Act ? What are the rules regarding exemptions of Capital gains ?

(2 × 4 = 8)