

B.Com. DEGREE EXAMINATION, APRIL 2020
III Year V Semester
Income Tax Law and Practice - I

Time : 3 Hours

Max.marks :75

Section A (10 × 2 = 20) Marks

Answer any **TEN** questions

1. What is meant by Assessment Year?
2. Who is a Person for Income Tax Act?
3. State the features of Salary?
4. Write a note on Gratuity.
5. What is Municipal Value?
6. What do you mean by Profession?
7. What is Annual Value?
8. Examine the tax treatment of allowances of Mr.Kannan, receives the following allowances:
 - i) Dearness Allowance (D.A) - Rs.1,000 p.m.
 - ii) Medical Allowance - Rs.500 p.m.
 - iii) Transport Allowance - Rs.2,000 p.m.
9. Determine the Gross Annual Value in the following cases for the assessment year 2019-2020.

Properties	I	II	III
Fair Rent(a)	87	50	70
Municipal Value(b)	86	42	50
Standard Rent(c)	84	64	NA
Actual Rent(d)	82	92	79

10. The Profit and loss a/c of a firm shows a profit of Rs. 50,000 after debit of following sums.

Income tax paid	Rs.30,000
Travelling Expenses (Business)	Rs.20,000
Penalty & Fees	Rs.40,000
Sales tax	Rs.30,000

11. What is the maximum amount allowed as deduction u/s 80C?
12. Define Business.

Section B ($5 \times 5 = 25$) MarksAnswer any **FIVE** questions

13. What are the incomes exempted from income from house property?
14. X, a resident of Ajmer, receives Rs. 48,000 as basic salary during the previous year 2018-2019. In addition, he gets Rs.4,800 as dearness allowance forming part of basic salary, 7% commission on sales made by him (sale made by X during the relevant previous year is Rs. 86,000) and Rs. 6,000 as house rent allowance. He, however, pays Rs. 5,800 as house rent. Determine the quantum of house rent allowance exempt from tax.
15. Compute Net Annual Value from the following:
- Actual Rent Received - Rs.72,000 p.a.
 - Municipal Rental Value - Rs.60,000
 - Fair Rental Value - Rs.66,000
 - Municipal tax paid 10% of MRV

16. Profit and loss account of Mr. Senthil is as follows:

Particulars	Rs.	Particulars	Rs.
To Salaries	50,000	By Gross Profit	2,00,000
To Income Tax	9,000	By Dividend	20,000
To Entertainment Expenses	20,000		
To Net Profit	1,41,000		
	2,20,000		2,20,000

Salary includes Mr. Senthil's salary of Rs. 30,000. Compute income from business.

17. Calculate Gross Annual Value from the following:

Particulars	House 1	House 2	House 3	House 4
MRV	20,000	30,000	40,000	-
FRV	19,000	25,000	35,000	40,000
S.R	N.A	27,500	N.A	N.A
Actual Rent (A.R) p.m.	2,000	3,000	4,000	-
Unrealized rent	1,000	2,000	3,000	-
Periods in Months	12	12	12	-

18. Explain the procedure for computing business income.
19. Mr. X, a foreign national, came to India for the first time on June 15th 2014. His stay in India during the financial years 2014-2015; 2015-2016; 2016-2017; 2017-2018 and 2018-2019 were 115 days; 15 days; 191 days; 124 days and 80 days respectively. Determine his residential status for the Assessment year 2019-2020.

Section C ($2 \times 15 = 30$) MarksAnswer any **TWO** questions

20. List out the features of income in income tax?
21. From the particulars given below, compute salary income of the previous year of Mr. X who is working in West Bengal.

Basic Pay	Rs.40,000 p.m.
DA (forming part of salary)	Rs.3,000 p.m.
Education allowance per child for two children	Rs.400 p.m.
Tribal area allowance	Rs.600 p.m.
CCA	Rs.250 p.m.
Conveyance Allowance	Rs.200 p.m.
Helper Allowance	Rs.100 p.m.

22. Mr. X's house property details are: (50% own residence and 50% let out) Municipal Value Rs. 1,12,000; municipal taxes Rs. 12,000; Rent received (let out) Rs. 48,000; Repairs Rs. 24,000; Insurance premium Rs. 3,000 and Interest on loan for house construction Rs. 2,400. Compute house property income for the assessment year 2019-2020.
23. Calculate income from profession from the following Receipts and Payments given by Mr.X

Receipts	Rs.	Payments	Rs.
Balance b/d	1,20,000	Car Expenses	24,000
Fees from Clients		Office Expenses	6,000
2016-17	25,000	Salary to Staff	7,000
2017-18	30,000	Interest on Loan	1,000
2018-19	32,000	Income tax	1,500
Presents from Clients	20,000	Income tax penalty	600
Winnings from lotteries	24,000	Wealth Tax	250
		Purchases	5,000
		Balance c/d	2,05,650
	2,51,000		2,51,000

- a) Depreciation at Rs. 2,500 is to be provided
- b) Consider Rs. 1,500 as opening stock and Rs. 1,000 as closing stock
- c) Car is 60% used for official purpose
- d) Income from other sources Rs. 30,000.