

**B.Com.(Hons) DEGREE EXAMINATION, ODD SEMESTER 2020**  
**III Year V Semester**  
**Income Tax Law and Practice - I**

**Max.marks :25**

Answer any **FIVE** questions ( $5 \times 5 = 25$ ) Marks

1. What do you mean by Income under Income Tax? Mention its features of Income Tax in India.
2. Define the following term a) Assessee & b) Person.
3. Mr. Ram, an Indian citizen leaves India for the first time on 31st May 2015 and comes back on 15th May 2018. He again leaves India on 10th June 19 to come back on 14th Jan 2020. He is living in India since then. Determine his residential status for the previous year 2019-2020.
4. Mr. Babu retired on 30-11-19 from a coal mine after putting a service of 28 years and 10 months. At the time of his retirement he was getting a salary of 16,000 p.m and he used to get an increment of 500 p.m. on 1st April every year. His D.A was 2,000 p.m. Gratuity received Rs. 3,40,000. Find out his taxable gratuity, if he is covered under Gratuity Act 1972.
5. Calculate Gross Annual Value from the following:

Particulars	House A	House B
MRV	80,000	80,000
FRV	1,00,000	1,00,000
Std. Rent	70,000	1,20,000
Actual Rent	1,20,000	90,000

It is assumed that both the houses were let out throughout the year and there was also no unrealised rent.

6. From the following calculate Expected Rental Value.

Rental Value	Case A (Rs.)	Case B (Rs.)	Case C (Rs.)
MRV	30,000	30,000	30,000
FRV	36,000	36,000	36,000
Std. Rent	N.A	38,000	42,000

7. Following is the P&L A/c.

Particulars	Amount (Rs.)	Particulars	Amount (Rs.)
General expenses	1,07,000	Gross profit	5,40,000
Fire Insurance premium	2,000	Bad debts recovered but disallowed earlier	4,000
Bad debts	1,000	Interest from Govt. Securities	4,000
Salaries	1,65,000	Rent received from employees	12,000
Advertisement (Cash)	22,250	Interest from due for delayed payment	6,000
Proprietors salary	1,12,500		
Interest on capital	2,000		
Income tax	1,000		
Depreciation	2,000		
GST due	5,000		
Advance income tax paid	1,000		
Donations	500		
Motor car expenses	750		
Municipal taxes of quarters let to employees	5,000		
Net profit	1,39,000		
	5,66,000		5,66,000

Adjustments:

1. General expenses include Rs. 4,000 paid as compensation to an old employee whose services were terminated in the interest of the business and Rs. 2,200 by way of help to a poor student. Depreciation calculated according to the rates comes to Rs. 2,900. GST paid on 1.5.20 date of filing of return is 31.7.20.

2. 50% of motor car expenses are for proprietors personal use.

Compute business income.