D 10501   (Pages : 4)   Name.............................

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FIFTH SEMESTER U.G. DEGREE EXAMINATION, NOVEMBER 2021]

(CBCSS–UG)

B.Com.

BCM 5B 09—INCOME TAX LAW AND ACCOUNTS

(2019 Admissions)

Time : Two Hours and a Half   Maximum : 80 Marks

Section A

Answer at least ten questions.
Each question carries 3 marks.
All questions can be attended.
Overall Ceiling 30.

1. Who is an Assessee in default ?

2. What is 'Agricultural Income' ?

3. Who is an ordinarily resident individual ?

4. What are the deductions allowed from gross salary under Section 16 ?

5. Give a list of fully exempted allowances.

6. Write a short note on the tax treatment :

    (a)   Children Education Allowance.

    (b)   Children Hostel Allowance.

7. What is Fair rental value ?

8. What are the conditions of Rule 4 to claim unrealised rent ?

9. How is unrealised rent recovered treated for tax purposes ?

10. Define the term 'Business'.

11. Explain the term 'Vocation'.

12. How will you treat capital expenditure on scientific research ?

13. What is the meaning of short-term capital asset ?

14. Explain 'Capital Gain Account Scheme 1988'.

15. What do you mean by Grossing up ?

                                             (10 × 3 = 30 marks)

                                             Turn over

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Section B

Answer at least five questions.
Each question carries 6 marks.
All questions can be attended.
Overall Ceiling 30.

16. Sri. Ravi of Kozhikode gets Rs. 72,000 as basic salary. Rs. 6,000 as dearness pay, Rs. 8,000 as dearness allowance and Rs. 20,000 per annum as fixed commission during the previous year. He also received Rs. 30,000 as HRA though he paid Rs. 36,000 as rent. Compute the amount of HRA exempt from tax.

17. Mr. Ved Prakash retired from a factory after serving for 30 years and 8 months in June, 2020. His monthly wages (including dearness allowance but excluding all other allowances) on the date immediately preceding the date of retirement was Rs. 20,800. He received 3,72,000 from his employer as gratuity under the Payment of Gratuity Act, 1972. Compute the exempted amount of gratuity.

18. Mr. Nair owns a house which is self-occupied by him throughout the P.Y. 2020-21. The following are the details :

	Rs.
Municipal value of the house	60,000
Fair rental value	85,000
Municipal tax paid	10%
Fire insurance	600
Interest on loan for the construction of the house paid during the previous year	56,000

Compute income from house property for the Assessment Year 2021-22.

19. Mr. Satheesh acquired Rs. 4,000 shares of Premier Ltd. on 15 July 2019 at a cost of 25 per share. On 13th May 2020, he sold 3000 shares at 35 per share and paid brokerage of 1 per share. Compute capital gain.

20. Income-tax is assessed on the income of the previous year in the next assessment year. State the exceptions of this rule.

21. Mr. Pramod, an Indian origin came to India for the first time on 1st November, 2019. He stayed at Mumbai upto 10th May, 2020, and thereafter remained in Bengaluru till his departure on 20th October 2020. Determine his residential status for the Assessment Year 2021-22.

22. Which are the incomes from house property totally exempt from tax ?

23. Explain the meaning of 'Block of Assets'.

(5 × 6 = 30 marks)

Section C

Answer any two questions.
Each question carries 10 marks.

24. Mr. Mahesh, an employee of MRF Ltd., Kottayam furnishes you the following information for the previous year 2020-21 :

	Rs.
Basic salary	15,000 p.m.
Dearness allowance	6,000 p.m.
Bonus	5,000
Entertainment allowance	500 p.m.
City compensatory allowance (CCA)	1,000 p.m.
Tiffin allowance	5,000
Festival allowance	2,500
Conveyance allowance	
(He spends 1,400 p.m. for such purpose)	2,400 p.m.
Uniform allowance	6,000
(He spends 4,000 on the purchase of uniform).	
Education allowance for 3 children	200 p.m. per child
House rent allowance	6,000 p.m.
(Actual rent paid for a house 3,000 p.m.)	
Profession tax paid	2,500

Compute taxable salary of Mr. Mahesh for the assessment year 2021-22.

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25. Mr. Andrews, a British citizen in India is engaged in electronic equipment business in Delhi. For the financial year 2020-21, he prepared the following statement of income :

	Rs.		Rs.
Bad debts	40,000	Income from trading	6,54,000
Provision for bad debt	10,000	Bad debts recovered	10,000
Loss on sale of motor		Sundry receipts	6,000
Car (personal)	1,40,000	Profit on sale of land -	
Interest on own capital	68,000	in India 2,80,000	
Charity and donations	50,000	in USA 10,00,000	12,80,000
Loss by theft	24,500		
Depreciation	91,000		
General expenses	2,15,500		
Advertisement	74,000		
Entertainment			
allowance to employees	42,000		
Surplus	11,95,000		
	19,50,000		19,50,000

General expenses include Rs.15,000, being advance paid for purchasing a computer. Depreciation allowable Rs. 70,000. Advertisement expenditure of Rs. 14,000 is not supported by documents. Compute his income from business for the Assessment Year 2021-22.

26. How would you determine the annual value of house property ? State the deductions that are allowed from the annual value for computing the income from house property.

27. Mr. Amar Nath purchased a house in Delhi in 2000 for Rs. 1,00,000 and added two rooms and a verandah in the house at a cost of Rs. 30,000 in 2000. He made improvements in the house and added two bathrooms at a cost of Rs. 2,40,000 in May 2014.

Mr. Amar Nath sells the house on 1st July, 2020 for Rs. 25,00,000. Find out the capital gain or loss if the fair market value of the house on 1st April, 2001 was Rs. 4,00,000. The cost inflation indice in 2001-02, 2014-15 and 2020-21 were 100, 240 and 301 respectively.

(2 × 10 = 20 marks)