

D 30422

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Name.....

Reg. No.....

**FIFTH SEMESTER (CBCSS—UG) DEGREE EXAMINATION  
NOVEMBER 2022**

B.Com.

BCM 5B 09—INCOME TAX LAW AND ACCOUNTS

(2019 Admission onwards)

Time : Two Hours and a Half

Maximum : 80 Marks

**Part A***Answer all questions.**Each question carries 2 marks.*

1. What is Gross Total Income ?
2. Who is 'Assessee in default' ?
3. Define 'Previous Year'.
4. What do you mean by 'Profit in lieu of salary' ?
5. State any *four* tax free perquisites.
6. Who is a specified employee ?
7. What is the meaning of the term 'Standard Rent' ?
8. What is the tax treatment of self-occupied house property ?
9. What are the conditions of Rule 4 to claim unrealised rent ?
10. What is Block of assets ?
11. Define the term 'Business'.
12. Explain the term 'Vocation'.
13. What is the meaning of 'Transfer' in the computation of Capital Gains ?
14. What is indexed cost of acquisition?
15. What do you mean by Bond washing transactions ?

(15 × 2 = 30, Maximum ceiling 25 marks)

**Turn over**

**Part B**

*Answer all questions.  
Each question carries 5 marks.*

16. ABC Company Ltd took a house on rent and allotted it to its employee. From the following information find out the value of perquisite of accommodation :

	Rs.
(i) Rent paid for the year	... 60,000
(ii) Salary	... 5,00,000
(iii) Cost of furniture provided in the house	... 60,000
(iv) Rent charged from employee per month	... 1,000

17. Shri Shyam, who was born and brought up in India, went for further studies to U.K. on 1<sup>st</sup> March, 2019 and came back to India on 1<sup>st</sup> October, 2020 early in the morning. Find out his residential status for the Assessment Year 2021-22.
18. A partnership firm is dissolved. It's one short-term capital asset costing 1,00,000 is taken over by a partner at an agreed price of 1,10,000, whereas the fair market value of the asset is 1,50,000. Compute the amount of capital gains.
19. Dr. Prasanth was working with two companies A and B. He retired from company A in 2019 after serving for 24 years. He received 1,50,000 as death-cum-retirement gratuity on which he got full exemption. He also retired from company B in July, 2020 after serving for 42 years and 10 months. He received 9,75,000 as gratuity. The average salary from the company for the last ten months immediately preceding the month in which he retired was 45,000 p.m. Compute the exempted amount of gratuity for the Assessment Year 2021-22 assuming that he is not covered by the Payment of Gratuity Act.
20. State any *ten* incomes exempted from income tax.
21. The following are the incomes of Mrs. Sheela for the previous year 2020-21 :

	Rs.
(1) Income from agriculture in Pakistan	... 30,000
(2) Income from Salary received in India but the services were rendered in Iraq (Computed)	... 12,000
(3) Income from a business carried on in India	... 12,000
(4) Income earned and received in Bangladesh from bank deposits there	... 6,000
(5) Income from business in Ceylon but controlled from India	... 14,000

Compute Mrs. Sheela's Gross Total Income for the Assessment Year 2021-22 if she is a Non-resident.

22. How the value of residential accommodation is calculated under the head salaries ?
23. Describe the way of calculating income from house property.  
(8 × 5 = 40, Maximum ceiling 35 marks)

**Part C**

*Answer any two questions.  
Each question carries 10 marks.*

24. Mr. Selvan is employed in Kolkata, in a public limited company. He furnished the following details of his salary for the year ended 31<sup>st</sup> March 2021. Compute his taxable income from salary :
- Basic salary : 20,000 p.m. upto 31<sup>st</sup> December 2020, afterwards—22,000 p.m.  
 Bonus—5,000  
 Commission—10,000  
 Arrear salary of 2015-16 (received on 25<sup>th</sup> May 2020)—10,000  
 Dearness Allowance 10 % of the basic pay (under the terms of employment)  
 Entertainment allowance—1,000 p.m.  
 City compensatory allowance—1,200 p.m.  
 Festival Allowance—2,500  
 Transport Allowance—200 p.m.  
 Conveyance Allowance—1,000 p.m.  
 Travelling Allowance—1,500 (only 1,000 spent for the purpose)  
 Helper Allowance—3,000 p.m. (appointed a part-time helper on a monthly salary of 2,000 p.m.)  
 House Rent Allowance 4,000 p.m. (Rent paid 3,000 p.m.)  
 Profession Tax paid to Kolkata municipality—2,000.
25. Shri Prakash has a house property let-out for residential purposes. The following are the details of the property let-out :
- Municipal rental value 8,500 p.m.  
 Actual rent realised 9,000 p.m.  
 Rent payable under Rent Control Act 8,500 per month.  
 The rent payable for a similar house is 9,000 p.m.  
 He has paid 15 % of the Municipal valuation as local taxes, 2 % of valuation as Education and Health Cess.  
 The construction of property began in September 2015 and completed in February 2018. He had borrowed loan for the construction of the house property, on which he has paid 2,00,000 as interest upto 31.3.2017 and 50,000 as interest during the previous year.  
 Fire Insurance Premium paid 2,000 p.a.
- Compute the income from house property for the A.Y. 2021-22.

**Turn over**

26. Discuss the capital gains which are exempted from tax.
27. Following is the summarised profit and loss account of a trader for the year ended 31<sup>st</sup> March 2021. Compute his taxable income from business for the Assessment Year 2021-22 :

	Rs.		Rs.
To Salary	86,000	By Gross profit	3,25,000
” Income tax	10,000	” Interest from bank	12,500
” Life insurance premium	5,000	” Dividend	10,000
” Office expenses	6,000	” Profit on sale of land	80,000
” Audit fees	10,000	” Bad-debts recovered	5,000
” Donations (approved)	20,000		
” Bad-debts	6,200		
” Provision for doubtful debts	2,000		
” Rent	12,000		
” Depreciation	16,300		
” General expenses	8,100		
Net Profit	2,50,900		
	<u>4,32,500</u>		<u>4,32,500</u>

Additional Information :

- (1) Bad-debts recovered is on bad-debts allowed earlier.
- (2) General expenses include 1,000 legal expenses paid in connection with a personal case of the trader.

(2 × 10 = 20 marks)