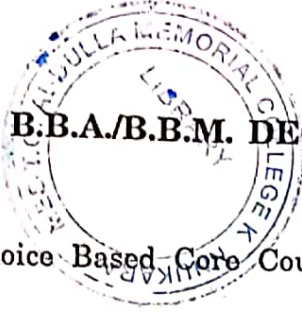


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B.B.A./B.B.M. DEGREE (C.B.C.S.S.) EXAMINATION, JULY 2018

Sixth Semester

Choice Based Core Course—INCOME TAX : THEORY, LAW AND PRACTICE

(Common for B.B.A. and B.B.M.)

[Prior to 2013 Admissions]

Time : Three Hours

Maximum Weight : 25

Part A (Objective Types)

Answer all questions from this part.

Each bunch of four question carries a weight of 1.

- I. 1 The income- tax liability of a person depends on :
- (a) Citizenship.
 - (b) Residential Status.
 - (c) Citizenship and residential status.
 - (d) None of these.
- 2 Income from manufacture and sale of tea is taxable at _____ %.
- (a) 50.
 - (b) 60.
 - (c) 40.
 - (d) 30.
- 3 Casual income is taxable at _____ %.
- (a) 10.
 - (b) 20.
 - (c) 40.
 - (d) 30.
- 4 The rate of depreciation for books used for profession (Annual Publication) is _____ %
- (a) 40.
 - (b) 30.
 - (c) 20.
 - (d) 50.
- II. 5 Dividend from domestic company is _____.
- (a) Exempted.
 - (b) Partly exempted.
 - (c) Taxable.
 - (d) None of these.

Turn over

- 6 LTCG on transfer of shares is exempt if _____ is paid.
- (a) VAT. (b) MODVAT.
(c) Advance Tax. (d) STT.
- 7 Long term capital asset is an asset which is held for a period of more than _____ months.
- (a) 16. (b) 36.
(c) 24. (d) 48.
- 8 The brought forward business loss can be carried forward for a period of _____ assessment year.
- (a) 10. (b) 7.
(c) 9. (d) 8.
- III. 9 Children's education allowance is exempted @ Rs. _____ per month per child up to a maximum of two children.
- (a) 100. (b) 200.
(c) 50. (d) 400.
- 10 Family pension is taxable under the head of income _____.
- (a) Salary. (b) Business or Profession.
(c) Income from other sources. (d) Capital Gain.
- 11 Free food during working hours at office or business premises is exempted up to Rs. _____ per meal.
- (a) 100. (b) 50.
(c) 75. (d) 150.
- 12 Employer's contribution to RPF is taxable in excess over _____ % of salary.
- (a) 12. (b) 10.
(c) 9. (d) 13.
- IV. Match the following :—
- | | |
|--------------------------------------|------------------------------|
| 13 Donation to National Defence Fund | (a) Scope of total income. |
| 14 CII | (b) Short-term capital gain. |
| 15 Rate of Tax | (c) Long-term capital gain |
| 16 Residential Status | (d) Sec. 80G. |
| | (e) Sec 80D. |
| | (f) Finance Act. |

(4 × 1 = 4)

Part B (Short Answer Types)

Answer any five questions from this part.

Each question carries a weight of 1.

- 17 What is tax evasion ?
- 18 " Income tax is charged on the income of the previous year" - What are the exceptions ?
- 19 State the meaning of the term 'assessment'.
- 20 Define annual value.
- 21 What is Block of Assets ?
- 22 State the provisions relating to deduction in respect of preliminary expense in computing business income.
- 23 What is capital asset ?
- 24 Mention the meaning of the terms 'Previous Year' and 'Assessment Year'.

(5 × 1 = 5)

Part C (Short essay / Problem Solving Type)

Answer any four questions from this part.

Each question carries a weight of 2.

- 25 Explain the meaning of the following :—
 - (a) Tax - free commercial securities.
 - (b) Less - Tax commercial securities.
- 26 How will you value car perquisite ?
- 27 How will you determine the exempted portion of Gratuity in the hands of non -government employees ?
- 28 Mr. Ram Gopal, an employee in a company is drawing Rs. 9,000 p.m as salary plus 10 % of his salary as dearness pay. He is getting entertainment allowance of Rs. 1,000 p.m. He has spent Rs. 5,000 on the entertainment of the company's customers. He is provided with a rent free unfurnished house at Allahabad of the fair rental value of Rs. 2,000 p.m. The house is owned by the company. He is also provided with a small car for his personal and official use and all the expenses of its maintenance and running are met by the company. Find out his taxable salary for Assessment Year 2016-17.

Turn over

29 Profit and Loss Account of a trader shows a net profit of Rs. 3,38,000 after debiting the following items. Find out income from the business for Assessment Year 2016-17.

- (1) Payment of income tax Rs. 7,000 and income tax proceedings expenses Rs. 11,000.
- (2) Interest on loan taken for payment of income tax Rs. 1,000.
- (3) Advance income tax paid Rs. 23,000.
- (4) Cash payment to a creditor Rs. 28,000.
- (5) Municipal Tax Rs. 1,800 .1/3 portion of the house is used for business and half portion is used for self residence and remaining portion is let out.
- (6) Income of Rs. 750 accrued during the previous year is not recorded in Profit and Loss Account.

The net profit includes Rs. 3,000 for recovery of old bad debts which were disallowed in the past.

30. Mr. X is a resident of Bombay and he lived in a rented house. He had purchased jewellery for Rs. 1,00,000 in April 1981. He sold this jewellery in July 2015 for Rs. 15,00,000 and invested the sale proceeds in August 2015 in the purchase of two residential houses - one at Srinagar for Rs. 7,00,000 and the other at Mysore for Rs. 8,00,000. Is he liable to pay tax on capital gain for assessment year 2016-17 ? If so, determine the amount of capital gain liable to tax. Would it make any difference if Mr. X :

- (a) invested the entire amount of Rs. 15,00,000 in the purchase of only one residential house at Srinagar
- (b) invested Rs. 6,00,000 in the purchase of one residential house at Mysore and deposited the balance of Rs. 9,00,000 in a Bank. The CII (Cost Inflation Index) in 1981-82, was 100 and in 2015-16 it was 1081

(4 × 2 = 8)

Part D (Essay Types)

Answer any two questions from this part.

Each question carries a weight of 4.

- 31 What are the tax-free perquisites ?
- 32 Explain the relation ship between Residential status and incidence of Tax ?
- 33 Briefly explain various exemptions available under the head capital gains ?

(2 × 4 = 8)