

E 6002

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Reg. No.....

Name.....

B.B.A./B.B.M. DEGREE (C.B.C.S.S.) EXAMINATION, MARCH 2017

Sixth Semester

Choice-based Core Course—INCOME TAX — THEORY, LAW AND PRACTICE

(Common for BBA and BBM)

[2013 Admission onwards]

Time : Three Hours

Maximum : 80 Marks

Part A (Short Answer Questions)

*Answer all questions.
Each question carries 1 mark.*

1. Who is an Assessee in default ?
2. What is perquisites according to section 17(2) ?
3. Explain the tax treatment of municipal taxes while determining income from house property.
4. Define business.
5. Write note on unabsorbed depreciation.
6. How is cost of bonus share determined for capital gains ?
7. What do you mean by cum-interest transaction of securities ?
8. What do you mean by "Clubbing of income" ?
9. How will you deal with the set-off and carry forward of the following losses :
 - (a) Short term capital loss.
 - (b) Loss from house property.
10. How is deduction allowed U/S 80 GG in respect of rent paid ?

(10 × 1 = 10)

Part B (Brief Answer Questions)

*Answer any eight questions.
Each question carries 2 marks.*

11. What do you mean by short-term capital asset ?
12. Mr. S purchased a house property in 1978 for Rs. 2,00,000 paying 2 % commission. He sold the house during 2014-15 for Rs. 40,00,000, expense being Rs. 10,000. The fair market value of the house property on 01.04.1981 was Rs. 5,00,000. Compute capital gain. (Cost inflation under 2014 – 15 – 1024).

Turn over

13. Ms. Shanthi owns a house property which was self-occupied up to 30th June 2010 and let out from July onwards on a monthly rent of Rs. 4,000. Municipal valuation of the property is Rs. 45,000. Property taxes paid, including arrears of Rs. 2,000, during the year 2010-11 is Rs. 6,000. Determine the income from the house property to the assessment year 2011-12.
14. Mr. B was transferred to Mumbai. He stayed in a hotel for 50 days and thereafter shifted to a house provided by employer.
From the following information determine the taxable value of perquisite, if any :
 - (a) Room rent of hotel Rs. 2,000 per day.
 - (b) Salary during the year Rs. 7,30,000.
 - (c) The employer recovered Rs. 200 per day from Mr. B for the period of stay in hotel.
15. Mr. H retired from service on 31.12.2014 at the time of retirement his basic salary was Rs. 20,000 p.m., he was also getting DA at the rate of 50 % and medical allowance Rs. 200 p.m. His monthly pension was fixed at Rs. 8,000. Compute the taxable amount of salary for the year 2014-15. If Mr. H is a private employee.
16. How is "House Rent Allowance" exempt ?
17. Write note on the rule for indentifying capital receipt and revenue receipt.
18. Mrs. Syam of Bangalore, left for Australia for higher studies on 01.08.2011. She come to India on 20.12.2012 and stayed here for one month. Again she visited India on 20.12.2013 and remained in India to another one month. However she did not come to India during the year ended 31.03.2015 what will be her residential status for the year 2014-15 ?
19. Write note on "amortization of preliminary expenses".
20. What is deduction of tax at source ?
21. Which are the situations in which gifts are not taxable ?
22. What is an Indian Company for tax purposes ?

(8 × 2 = 16)

Part C (Short Essay Type Questions)

*Answer any six questions.
Each question carries 4 marks.*

23. Which are the situations in which income is assessed for tax during the same year ?
24. Mr. K retired from service on 31.03.2015 after serving 34 years and 9 months. At the time of retirement his basic salary was Rs. 8,500 p.m. and DA Rs. 2,000 p.m. (not forming part of salary). He was also getting commission of Rs. 2,000 p.m. At the time of retirement he was paid death cum retirement gratuity Rs. 4,00,000.
Compute taxable amount of gratuity. If Mr. K is (i) covered under the Gratuity Act of 1972 ;
(ii) a Government Employee.
25. Write note on "Profit in Lieu of salary".
26. Which are the incomes from house property totally exempt from tax ?
27. Explain the provision relating to remuneration to working partners of a partnership firm.

28. What do you mean by full value of consideration ?
29. Explain the tax implications of dividends.
30. The following particulars of income of Mr. Kamal for the previous year ended 31st March 2015 are given to you :

1	Business income	...	70,000
2	Share of loss from partnership firm	...	2,00,000
3	Speculation loss	...	3,000
4	Dividend from Indian Company	...	50,000
5	Short-term capital gains	...	25,000
6	Long-term capital loss	...	21,000
7	Loss from house property	...	15,000

Compute GTI for the PY 2014-15 and ascertain the amounts to be carried forward.

31. Mr. Madhu whose annual salary is Rs. 8,40,000 purchased NSC VIII issue of Rs. 30,000 in December 2008 and of Rs. 50,000 in December 2012. Compute his total income for the AY 2015-16. Assuming that he has purchased Rs. 40,000 NSC during 2014-15 and contributed Rs. 24,000 to Provident Fund during the year.

[Interest per Rs. 100 of NSC ;

Purchased between 01.03.2003 to 30.11.2011, 6th year - 12.08

Purchased between 01.12.2011 to 01.04.2012, 2nd year - 9.31].

(6 × 4 = 24)

Part D (Long Essays)

Answer any two questions.

Each question carries 15 marks.

32. Explain the exemptions available U/S 54 from capital gains.
33. Mr. Zajo is an employee of a company in Mumbai. He gets monthly salary Rs. 20,000, DA Rs. 5,000 p.m., Bonus Rs. 3,000 p.m. and entertainment allowance Rs. 2,000 p.m. He paid tax on employment Rs. 5,000 during the FY 2014-15. He has been provided a rent-free unfurnished house. He owns two houses. He claims that both the houses are self occupied. The following details are available :

	House I	House II
	Rs.	Rs.
Fair rental value	... 1,50,000	2,00,000
Municipal valuation	... 1,60,000	3,50,000
Standard rent	... 1,80,000	3,00,000
Municipal taxes paid	... 10 %	10 %
Repair, Insurance etc.	... 40,000	60,000
Ground Rent	... 10,000	20,000
Interest on capital borrowed	... 40,000	1,70,000
(Loan taken on	... 1.1.1999	1.1.2000)

Determine the total income of Mr. Zajo for the year 2014-15.

Turn over

34. The following is the income and expenditure account of Mr. Nambiar, a lawyer in Chennai :

	Rs.		Rs.
Household expenses ...	79,500	Legal fee ...	1,26,030
Office expense ...	7,300	Commission fee ...	400
Charity ...	500	Agriculture income ...	3,600
Income tax ...	900	Dividend on shares ...	1,600
Loss on sale of furniture ...	2,800	Share from partnership ...	1,010
Gratuity to disabled clerk ...	600	Interest on advances ...	890
Net income ...	44,995	Gift from client ...	1,000
		Director's fee ...	300
		Bank interest ...	335
		Interest on post office saving bank ...	430
		Dividend (co-operative society) ...	1,000
	<u>1,36,595</u>		<u>1,36,595</u>

Mr. Nambiar is employed as consultant in a Private Company on part time basis which gives him monthly salary of Rs. 10,000. The company has provided him rent-free furnished accommodation with furniture costing Rs. 60,000 and a refrigerator costing Rs. 8,000 for his personal use.

Determine his gross total income for the year 2014-15.

35. What do you mean by perquisites ? Explain different types of perquisites.

(2 × 15 = 30)