

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

Sixth Semester

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

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

[2013 Admission onwards]

Time : Three Hours

Maximum Marks : 80

Part A (Short Answer Questions)

Answer all questions.

Each question carries 1 mark.

1. Define Person.
2. Define Assessment Year.
3. What do you mean by LTCG ?
4. What is Advance Tax ?
5. What do you mean by PAN ?
6. What is Dividend Income ?
7. What is unabsorbed depreciation ?
8. What do you mean by Fair Rent ?
9. What is Previous Year ?
10. What is Tax Deduction Account Number ?

(10 × 1 = 10)

Part B (Brief Answer Questions)

Answer any eight questions.

Each question carries 2 marks.

11. Describe Unrealised Rent.
12. Discuss the conditions of liability to pay Advance Tax.
13. Describe Additional Depreciation.
14. Discuss the Residential Status of a Company.
15. What is Relief u/s 89 ?

Turn over

16. What do you mean by Bond washing transaction.
17. Discuss Section 80 DDB.
18. What do you mean by short term capital asset ?
19. Mr. Deniel resigned from his employment and is paid leave salary of Rs. 92,400. He completed 32 years of service and he was drawing a salary of Rs. 4,200 p.m. throughout the period of 10 months before retirement. During the service he availed 10 months leave. Calculate the leave salary taxable.
20. Mr. Ramesh retires from RG Co. on 31-03-2016. He is paid Rs. 1,800 p.m. as pension. On his request RG Co. pays 36,000 in lieu of 50% pension from 01.10.2016. Assume that (i) Gratuity is paid. (ii) Gratuity has been paid. Compute the taxable pension.
21. What is deduction of tax at source ?
22. How is House Rent Allowance exempt ?

(8 × 2 = 16)

Part C (Short Essay Type Questions)

Answer any six questions.

Each question carries 4 marks.

23. Which are situations in which income is assessed for tax during the same year ?
24. Describe clubbing of income.
25. What do you mean by allowances ? Discuss various types of special allowances under salary.
26. Which are the situations, in which gift are not taxable.
27. What is a Capital Asset ? Describe what are the transactions which attracts Capital Gain ?
28. Discuss Sec 10 (10 A).
29. Mr. Akhil resides at Pune and gets the following monthly emoluments during the previous year 2016-17 from 2 employers. A Ltd upto June 16 and B. Ltd from July to March 2017 :

<i>Particulars</i>	<i>A Ltd.</i>	<i>B Ltd.</i>
	<i>Rs.</i>	<i>Rs.</i>
Basic Salary	2,000	2,700
D.A. (terming part of Basic Salary)	500	800
House Rent Allowance	600	1,000
Commission as a % of		
Turnover achieved by him	Nil	3,000

30. Mr. Shyam an employee of AB Ltd, receives Rs. 90,000 as gratuity under the Payment of Gratuity Act 1972. He retires on August 15, 2016 after rendering service for 32 years and 4 months. The last drawn salary was Rs. 3,250 p.m. Calculate the amount of gratuity chargeable to tax.
31. What is Profit in lieu of Salary ? Discuss.

(6 × 4 = 24)

Part D (Long Essays)*Answer any two questions.**Each question carries 15 marks.*

32. What do you mean by Residential Status ? Discuss the residential status of an individual and HUF.
33. Discuss the exemptions available u/s 54 from Capital Gains.
34. Mr. Vasanth is owner of two house properties, one at Bangalore and another at Pune. The particulars regarding both the properties are furnished here below :

<i>Particulars</i>	Bangalore	Pune
	House	House
Municipal Valuation	36,000	60,000
Fair Rent	50,000	72,000
Standard Rent	42,000	Not Fixed
Interest on loan (Loan taken prior to 01.04.1999)	20,000	36,000
Insurance Premium	2,000	Not Insured
Property tax paid	6,000	9,000

Advice him in choosing the house property to be treated as self occupied property.

35. The Government compulsorily acquired the land of Mr. Atbul in June 2015 and paid compensation of Rs. 5,00,000 in April 2016. The land was acquired by Mr. Athul in May 2003 for Rs. 3,00,000. Mr. Athul claimed more compensation through court. The final order was made and he was awarded additional compensation of Rs. 8,000 in January 2017 and it was paid in April 2017. Compute the taxable capital gain from the above transaction indicating the relevant assessment year. Expenses in connection with the compulsory acquisition were Rs. 20,000 and for obtaining enhancement of compensation was Rs. 40,000.

(2 × 15 = 30)