

E 7647

(Pages : 4)

Reg. No.....

Name.....

B.B.M. / B.B.A. DEGREE (C.B.C.S.S.) EXAMINATION, MARCH 2014

Sixth Semester

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

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

Time : Three Hours

Maximum Weight : 25

Part A (Objective Type Questions)

Answer all questions from this part.

Each bunch of four questions carries a weight of 1.

I. 1 Education Cess is leviable @ :

- (A) 2%. (B) 5 %.
(C) 3 %. (D) 1 %.

2 Where the income of an assessee includes income of minor children the exemption will be :

- (A) Rs. 1500.
(B) Rs. 1500 per minor child.
(C) Rs. 1500 per minor child or act income of minor child whichever is less.
(D) Actual income of minor single girl child.

3 Cash gifts received from non-relatives are exempted upto :

- (A) Rs 25,000. (B) Rs 50,000.
(C) Rs. 1,00,000. (D) Rs 2,00,000.

4 Which of the following income is exempted in the hands of an individual ?

- (A) Leave Travel Concession.
(B) Remuneration received for valuation of answer scripts.
(C) Encashment of leave salary while in service.
(D) Rent free accommodation.

II. 5 Maximum exemption of gratuity shall be :

- (A) Rs. 10,00,000. (B) Rs. 3,50,000.
(C) Rs. 5,00,000. (D) Rs. 8,00,000.

Turn over

- 6 Family pension received by the widow of a deceased employee is :
- (A) Exempted.
 - (B) Taxable as Salary.
 - (C) Taxed as Income from other Source.
 - (D) Taxed as capital gains
- 7 If rent paid is on account of a house property located in New Delhi, HRA shall be exempted to the maximum extent of :
- (A) 10 % of salary.
 - (B) 40 % of salary.
 - (C) 50 % of salary.
 - (D) 20 % of salary.
- 8 The employee is provided with furniture costing Rs 2,50,000 by the employer along with rent free accommodation. What is the value of furniture to be included in valuation of perquisite?
- (A) Rs. 25,000.
 - (B) Rs. 2,50,000.
 - (C) Rs. 50,000.
 - (D) Rs. 12,000.

III. 9 Interest credited to statutory provident fund shall be:

- (A) Fully exempt.
 - (B) Fully taxable.
 - (C) Exempted upto 9.5 %.
 - (D) Exempted upto 12 %.
- 10 Mr. Avinash has two house properties both of which were occupied by him. The annual value of :
- (A) Both the houses shall be nil.
 - (B) One house of his choice shall be nil.
 - (C) Both the houses shall be taxable.
 - (D) One house decided by the assessing officer shall be nil.
- 11 What is the maximum deduction on a account of interest on borrowing for construction of a property which is let out, if the advance is availed after 01.04.1999 ?
- (A) Rs. 30,000.
 - (B) Rs. 1,50,000.
 - (C) Rs. 1,00,000.
 - (D) Actual without any limit.
- 12 Unabsorbed depreciation which could not be set off in the same assessment year can be carried forward for :
- (A) 10 years.
 - (B) 8 years.
 - (C) 4 years.
 - (D) Indefinitely.

IV. 13 Preliminary expenditure incurred is allowed as a deduction in :

- (A) 10 equal instalments.
- (B) 5 equal instalments.
- (C) 15 equal instalments.
- (D) 20 equal instalments.

- 14 Where the entire block of the depreciable asset is transferred after 36 months, there will be :
(A) Long term capital gain. (B) Short term capital gain.
(C) Short term capital gain/loss. (D) Long term capital gain/Loss.
- 15 Winning from lotteries is :
(A) Exempted upto Rs. 5,000. (B) Fully exempted.
(C) Fully taxable. (D) Exempted upto 50,000.
- 16 Income accruing to a minor shall be clubbed in the income of:
(A) Father.
(B) Mother.
(C) As per minor's choice.
(D) Parent whose income before their clubbing is greater

(4 × 1 = 4)

Part B

*Answer any five questions.
Each question carries a weight of 1.*

Write notes on :

- 17 Bond washing transaction.
- 18 Annual value.
- 19 Clubbing of income.
- 20 Vacancy allowance.
- 21 Profit in lieu of salary.
- 22 Unabsorbed depreciation.
- 23 Indexation.
- 24 Deemed income.

(5 × 1 = 5)

Part C

*Answer any four questions.
Each question carries a weight of 2.*

- 25 Describe the steps involved in computing annual value of house property.
- 26 Briefly explain four tax free perquisites
- 27 Discuss the provision of clubbing of income.
- 28 How do you compute gross total income ?

Turn over

- 29 Mr. Aswin who resides in Kanpur is in receipt of a monthly salary of Rs 6,000. In addition to this he receives Rs. 1,050 as HRA per month. If the actual rent paid by him is Rs 750 pm. Compute the amount of taxable HRA in the hands of Mr Aswin.
- 30 From the following information compute the annual value of the house property :—

	Rs.
Municipal Value ...	1,50,000
Fair rent ...	1,80,000
Standard rent ...	1,60,000
Actual rent ...	2,40,000

Municipal tax paid by the owner 20% of M.V.

(4 × 2 = 8)

Part D

*Answer any two questions.
Each question carries a weight of 4.*

- 31 Explain how the following items are taxed under salary :
- (i) Gratuity. (ii) Commutation of pension.
 - (iii) Entertainment allowance. (iv) Provision of motor car.
- 32 Briefly explain various exemptions available under the head capital gains.
- 33 Describe the provisions of set off and carry forward of various losses.

(2 × 4 = 8)