

**B.B.A./B.B.M. DEGREE (C.B.C.S.S.) EXAMINATION  
MARCH/APRIL 2012****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)***Answer all questions from this part.**Each bunch of four questions carries a weight of 1.*

- I. 1. When tax is levied on a person directly and he himself pays the tax to the authorities, it is called.
- (a) Indirect tax. (b) Direct tax.  
(c) Income tax. (d) None of these.
2. The total of the incomes of the assessee during a previous year from various heads of incomes, before making any deduction it is called
- (a) Total Income. (b) Gross Total Income.  
(c) Capital gain. (d) All of the above.
3. The first income tax Act was passed in
- (a) 1911 (b) 1922  
(c) 1912 (d) 1925
4. If a receipt is related to fixed asset, it is
- (a) revenue receipt. (b) Capital receipt.  
(c) revenue payment. (d) Capital Payment.
- II. 5. \_\_\_\_\_ is the actual amount of rent collected from the tenant.
- (a) Standard rent. (b) Actual rent.  
(c) Fair rental value. (d) None of these.
6. A standard deduction of \_\_\_\_\_ can be claimed from the annual value of the property.
- (a) 20%. (b) 30%.  
(c) 35%. (d) 50%.

**Turn over**

7. One of the following is a tangible asset.
- (a) Cash.
  - (b) Stock.
  - (c) Furniture.
  - (d) All of the above.
8. \_\_\_\_\_ is computed on the written down value of an asset.
- (a) Deduction.
  - (b) Subsidy.
  - (c) Depreciation.
  - (d) None of these.
- III. 9. Interest on securities earned by an assessee during the previous year are chargeable under the head.
- (a) Income from Capital Gain.
  - (b) Income from other sources.
  - (c) Income from Business.
  - (d) Income from profession.
10. Securities issued by the Central Government or State Government known as:
- (a) Commercial Securities.
  - (b) Govt. Securities.
  - (c) Interest on securities.
  - (d) None of these.
11. Any capital gain on transfer of depreciable asset is \_\_\_\_\_ capital gain.
- (a) long-term.
  - (b) Short-term.
  - (c) Medium-term.
  - (d) None of these.
12. Indexation is not allowed on
- (a) Bond.
  - (b) Share.
  - (c) Debenture.
  - (d) All of the above.
- IV. 13. When the total income is less than 10 lakhs, Surcharge is
- (a) applicable.
  - (b) not applicable.
  - (c) deduction.
  - (d) None of these.
14. Interest on post office savings is \_\_\_\_\_
- (a) taxable.
  - (b) not taxable.
  - (c) gain.
  - (d) None of these.
15. \_\_\_\_\_ can be deducted from full value of consideration.
- (a) Purchasing expenses.
  - (b) selling expenses.
  - (c) Advertising expenses.
  - (d) All of the above.
16. A long term capital asset means a capital asset held by an assessee for
- (a) 24 months.
  - (b) 18 months.
  - (c) 36 months.
  - (d) 21 months.

(4 × 1 = 4)

**Part B (Short Answer Type)**

*Answer any five questions from this part.*

*Each question carries a weight of 1.*

17. What do you mean by the term income ?
18. Who is a person for tax purposes ?
19. What is an Indian Company for tax purposes ?
20. How is self occupied house valued ?
21. Which are the incomes from house property ?
22. What do you mean by un absorbed Depreciation ?
23. What is bond - washing Transactions ?
24. What do you understand by 'Clubbing of income' ?

(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. Miss. Yamuna receives the following gifts during the financial year 2009-2010.

1. Gift of Rs: 20 lakh from a friend in U.S.A.
2. Gift of Rs: 5 lakhs from another friend in U.K.
3. Gift of Rs: 2 lakhs received from grand father.
4. Gift of Rs: 40,000 from brother of grand father.
5. Gift of Rs: 3 lakhs from a friend at the time of marriage.
6. Gift of laptop worth Rs: 40,000 from her employees.

She has a taxable income from salary Rs: 2,00,000 during winnings from lottery Rs 1,00,000 during the year. Compute the taxable income of Miss. Yamuna during the previous year.

26. How will you compute the annual value of let out property?
27. Why it is necessary to distinguish between a capital receipt and revenue receipt.
28. Mr. A, an American Citizen leaves India, after a period of 10 years Stay on 1.6.2009. During the financial year 2010-11, he comes to India for a period of 46 days. Lates he returns to India on 10-10-2011. Determine his residential Status for the assessment year 2012-13.
29. Briefly explain the exemptions available V/S 54 from Capital Gain.
30. What do you mean by aggregation of income? Explain the contexts of aggregation of income.

(4 × 2 = 8)

**Turn over**

**Part D (Essay Type)**

Answer any **two** questions from this part.

Each question carries a weight of 4.

31. Explain the relationship between Residential status and incidence of Tax.
32. Explain the provisions relating to interest on loan in computing income from house property.
33. Briefly explain the general rules relating to ascertainment of income from business.

(2 × 4 = 8)