



MAR IVANIOS COLLEGE (AUTONOMOUS)
THIRUVANANTHAPURAM

Reg. No. :.....

Name :.....

Fifth Semester B.Com. Degree Examination, November 2016

First Degree Programme under CBCSS

Core Course: Commerce – XI

AUCO541: Fundamentals of Income Tax

Time: 3 Hours

Max. Marks: 80

SECTION – A

Answer ALL questions in one or two sentences.

1. What are the various heads of income, taxable under Income Tax Act ?
2. Define assessment year.
3. What is cost inflation index ?
4. Who is a deemed assessee ?
5. State the amount of deduction allowed as entertainment allowance in respect of Govt. employees.
6. Under which head of income, family pension is taxed ?
7. List any two items of income which are taxable under the head income from other sources.
8. What is capital gain ?
9. State the amount of deduction for interest on borrowed capital for constructing / acquiring self – occupied house property.
10. What is transferred balance ?

(10 × 1 = 10 Marks)

SECTION – B

Answer any EIGHT questions, each in a short paragraph not exceeding 50 words.

11. Differentiate between gross total income and total income.
12. Write note on agricultural income.

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13. Define block of assets.
14. List any two expenses which are expressly disallowed in the computation of business income.
15. What is Capital Gain Account Scheme ?
16. State the assets eligible for depreciation.
17. When a company is said to be resident in India ?
18. Mr. Rajesh, an Indian citizen employed in UK came to India for a visit in 2013 on 4th August and left again on 4th January 2014. He was in India again from 31st December 2015 till 4th April 2016. Determine the residential status of Mr. Rajesh for the AY 2016 – 17.
19. Compute the total income of Mr. Harigopal if he is resident in India during the PY 2015 – 16 from the following information.
 - a). Royalty received from Govt. of India Rs. 24,000.
 - b). Income from business earned in Afganistan Rs. 25,000, of which Rs. 15,000 received in India. The business is controlled from India.
 - c). Income from business in Jaipur Rs. 40,000. The business is controlled from France. Rs. 20,000 were remitted to France.
20. Determine the legal status of the following, for tax purposes.
 - a). Delhi University
 - b). Municipal Corporation of Calcutta
 - c). Eastern Paints Private Limited
 - d). A joint family consisting of P, Mrs. P and their son S.
21. A joined in service on 1-8-2012 in the grade of 12,000 – 300 – 13,800 – 400 – 17,800 and his salary was fixed at Rs. 14,200 from the date of joining. Compute his basic salary for the assessment year 2016 – 17. (Assure that his annual increment falls due on every 1st August)
22. Mr. X (aged 40) being an individual assessee earns an income of Rs. 15,00,000 during the assessment year 2016 – 17. Compute his tax liability.

(8 × 2 = 16 Marks)

SECTION – C

Answer any SIX questions, each in a paragraph not exceeding 120 words.

23. What is provident fund ? State different types of provident fund.

24. Distinguish between short – term and long – term capital assets.
25. State how the residential status of an individual is determined.
26. Explain the provisions regarding set – off of losses while computing the total income.
27. Ravikiran owns a big house. 50% of the house is let out for residential purpose at a monthly rent of Rs. 10,000; 25% of the area is occupied for own residence and remaining 25% is used for own business. Municipal valuation of the house is Rs. 2,00,000. Fair rent is Rs. 2,10,000. Find its gross annual value.
28. Mr. X purchased a house property for Rs. 26,000 on 10th May 1962. He gets the first floor of the house constructed in 1967 – 68 by spending Rs. 40,000. He dies on 12th September 1984. The property is transferred to Mrs. X by his will. Mrs. X spends Rs. 80,000 and Rs. 26,700 during 1985-86 and 1986 – 87 respectively for reconstruction of the property. Mrs. X sells the house property for Rs. 95,00,000 on 15th March 2016 (brokerage paid by her is Rs. 41,500). The fair market value of the house on 1st April 1981 is Rs. 4,60,000. Find the amount of capital gain for the AY 2016 – 17. (CII for 1981 – 82 is 100; 1985 – 86 is 133; 1986 – 87 is 140 and 2016 – 17 is 1081)
29. The following particulars of income of Mr. Kamal for the PY ended 31st March 2015 are given to you. Compute GTI after set – off of losses.
- | | |
|--|----------|
| a). Interest received on listed debentures | 9,000 |
| b). Business income | 70,000 |
| c). Share of loss from a partnership firm | 2,00,000 |
| d). Speculation loss | 3,000 |
| e). Dividend from Indian company | 50,000 |
| f). Short term capital gains | 25,000 |
| g). Long term capital loss | 21,000 |
| h). Loss from house property | 15,000 |
30. Mr. X resides in Chennai, gets Rs. 3,00,000 p.a. as basic salary, DA (forming part of salary) Rs. 40,000 and 2% commission on turnover achieved by him. Turnover achieved by Mr. X during the relevant period is Rs. 3,00,000. He receives Rs. 60,000 as HRA but he pays rent of Rs. 80,000 during the relevant period. Determine the taxable portion of HRA.

31. Viswanathan, an employee of a limited company working at Madurai (population 18 lakhs) draws Rs. 60,000 as basic salary, Rs. 5,000 as dearness allowance (forming part of salary) and Rs. 6,000 as commission. The company provides a rent-free unfurnished house to him. The house is owned by the company and its fair rental value is Rs. 5,000 p.a. Income tax and electricity bills paid by the employer Rs. 4,000 and Rs. 6,000 respectively. Determine the taxable value of the perquisite.

(6 × 4 = 24 Marks)

SECTION – D

Answer any TWO questions, not exceeding four pages.

32. “An assessee is not only liable in respect of his own incomes for tax purposes but his liability may extend to some other incomes also”. Comment on this statement.
33. Briefly explain any fifteen items of income which are exempt from tax.
34. Mr. Sharma is employed in Mumbai. He is in the grade of Rs. 1,800 – 50 – 2,200 – 100 – 3000 since 1st January 2007. He is paid 20% of salary as dearness allowance and Rs. 500 per month as house rent allowance. He has hired an accommodation on a monthly rent of Rs. 650. He contributes 17% of his salary and dearness allowance to the recognized provident fund towards which the employer contributes an equal amount. He has been given a small car which is used by him for his personal purposes also. The driver’s salary and all other expenses relating to the official use of the car are incurred by the employer. He has been provided with gas and a telephone, the bills Rs. 1,200 and Rs. 2,000 respectively have been paid by the employer in this regard.

Compute his income from salary for the assessment year 2016 – 17.

35. Mr. Zajo is an employee of a company in Delhi. He gets monthly salary of Rs. 20,000, DA Rs. 5,000 per month, bonus Rs. 3,000 per month and entertainment allowance Rs. 2,000 per month. He paid professional tax Rs. 5,000 during the financial year 2015 – 16. 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
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%
Repairs, insurance and land revenue	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	1-1-2006

Determine the gross total income of Mr. Zajo for the AY 2016 – 17

(2 × 15 = 30 Marks)

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