

FINAL YEAR B.Com. DEGREE EXAMINATION, APRIL 2014

Commerce

Paper XIII—INCOME TAX

(2005 Admissions)

Time : Three Hours

Maximum : 80 Marks

Part A

Answer any ten questions.

Each question carries 1 mark.

1. ✓ What is gross total income? *total income 80 before ROC to 800*
2. ✓ Define Agricultural income. *rent / income received from Agricul Head*
3. ✓ What is meant by deemed income? *Income considered to available regard actual receipts*
4. ✓ Who is an assessee in default? *→ default*
5. ✓ Name two fully exempted allowances. *→ foreign allow / High or sup Judge / UNO or 3*
6. ✓ How much deduction is available for pre construction period interest? *1/5th of pre construction + actual int paid*
7. ✓ What is meant by written down value? *Cost less deprec*
8. What is the cost of acquisition of an asset obtained through gift or will?
9. ✓ How the deduction under section 80 GG is computed? *least of 13 - excess of 10% - Actual HRA*
10. ✓ Give any two deductions from income from other sources. *Int on loan 25% of total*
11. ✓ What is meant by clubbing? *if one person has multiple sources of income*
12. ✓ What are intersource and inter head set off? *Cost for one source of income can be set off from income (10 x 1 = 10 mark) from other source with the same head.*

Part B

Answer any ten questions.

Each question carries 4 marks.

13. ✓ Give a note on the history of Income Tax in India.
14. ✓ What are exempted incomes? Name any 5 of them.
15. ✓ What are the expenses expressly allowed as deduction from business income?
16. ✓ Define Transfer. Mention the transactions which are regarded as transfer?
17. ✓ Who is a spouse? State the circumstances under which the income of spouse is clubbed?

Turn

1018. State the procedure in computing the total income of an assessee.

80+ 19. ✓ Mr. Pravin is employed in Srilanka since 1987. He comes to India every year for 2 months to spend his holidays. During 2011-12, he came to India on leave and spent here 54 days. Determine his residential status for the Assessment year 2012-13.

20. ✓ Mr. Naveen retired from the service on 1-10-2011 after 22 years and 3 months of service from a public limited company. His average salary at the time of retirement was Rs. 9,800. He received Rs. 1,75,000 as leave encashment. During service he encashed 7 months leave and has taken 3 months leave. Compute taxable amount of encashment for the A.Y 2012-13, if :

(a) He is a government employee., and

(b) He is a private employee.

21. Mr. Ram took a loan of Rs.12,00,000 @10% p.a. on 1-7-2009 for constructing a house. The construction was completed in the P.Y. 2011-12. Compute the amount of interest deductible for the A.Y. 2012 -13 if the house is :

(a) let out., and

(b) self occupied.

22. ✓ Mr. Majeed had the following assets : Written down value of office building on 1-4-2011 was Rs. 20,00,000. During the year an extension to the building costing Rs. 10,00,000 was made. (Rate of depreciation 10%) WDV of Furniture was Rs. 5,00,000 (rate 10%). Calculate depreciation of the block for the assessment year 2012-13.

23. Mr. Anil provides the following details relating to his incomes :

He owns an agricultural land in Burma which gave him an income of Rs. 25,000 and owns a plot of land in Agra which has been let out for storing non-agricultural goods at Rs. 1,000 p.m. He also has another plot of land on which village markets are held. Income from this land amounted to Rs. 2,500. During the year he gave management consultancy service to entrepreneurs and received income Rs. 75,000. He has a quarry in Jaipur, which has been let out on a royalty of 25 paise per ton of stone raised. During the previous year 10,000 ton of stone was raised. He incurred an expenditure Rs. 400 for earning royalty income. Compute taxable income from other sources for the assessment year 2012-13.

24. A firm furnished the following particulars :

	Rs.
Loss from business	2,00,000
Income from house property	4,00,000
Income from other sources	1,00,000
Loss from specified business	70,000
Depreciation	40,000
Unabsorbed depreciation	1,00,000

Compute gross total income for the Assessment Year 2012-13.

(10 × 4 = 40 marks)

Part C

Answer any two questions.

Each question carries 15 marks.

25. ✓ Explain the provisions regarding the determination of residential status and incidence of tax.

26. ✓ Mr. Anil an employee of a private company at Delhi, furnished the following particulars of his income for the year 2011-12.

Basic salary	: Rs.15,000 p.m.
Dearness Allowance	: 40% of basic pay.
Festival allowance	: Rs. 2,000.
Bonus	: 15,000.
Employer's and employee's contribution to RPF	: 12% of salary.

Interest on RPF was credited at 10.5 % on the balance Rs. 1,20,000. His telephone expenses at home Rs. 7,200 were paid by the company during the year. He paid professional tax Rs. 1,500 though the amount payable for the year was Rs. 3,000. Compute taxable income from Salary for the A.Y. 2012-13.

27. Mr. Rajan owns 2 acres of agricultural land which he sold on 30th Nov. 2011 for Rs. 1 crore.

Other particulars are :

Cost of land in 1977 Rs. 6 lakhs ; FMV on 1-4-1981 Rs. 9,00,000 ; Selling expenses Rs. 1,00,000. He purchased 10 acres of agricultural land for Rs. 20 lakhs in June 2012 and deposited Rs. 5,00,000 in Bonds of National Highway Authority in March 2012. Compute taxable capital gain for the A.Y. 2012-13.

(CII for 1981-82 – 100 ; 2011-12 – 785).

(2 × 15 = 30 marks)