



C 25680

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Name.....

Reg. No.....

**COMMERCE
FACTORY**

SIXTH SEMESTER B.Com. DEGREE EXAMINATION, MARCH 2012

(CCSS)

B.Com. - Core Course

BC 6B 12 - INCOME TAX LAW AND PRACTICE

(Common with B.Com. Vocational Stream)

Time : Three Hours

Maximum : 30 Weightage

Part A

I. Objective Type Questions. Answer all *twelve* questions :

A. Choose the correct answer :

1. The year in which total income and tax liability of a person is computed is called _____.

- (a) Previous year. (b) Current year.
(c) Assessment year. (d) Financial year.

2. Any remuneration received by an employee from employer is taxable under the head _____.

- (a) Business income. (b) Salary.
(c) Capital gain. (d) Income from other sources.

3. The rent for which the property may be expected to let out is called _____.

- (a) Annual value. (b) Expected rent.
(c) Municipal value. (d) Fair rental value.

4. Rent from sub-letting is included under the head _____.

- (a) Business income. (b) Income from house property.
(c) Income from other source. (d) Capital gain.

B. Fill in the blanks :

5. Aggregate amount of income taxable under different heads is called _____.

6. Any gain arising from the transfer of a long term capital asset is called _____.

7. Dividend income is _____ from tax.

8. Including the income of other person with the income of an individual is called _____.

C. Answer in one word :

9. Mention the Maximum Marginal Rate.

10. Give the full form of STCG.

223 205

Turn over

11. What is the term for adjustment of losses of one head against income of same or other heads called?
12. What is the exemption limit for female individual for the Assessment Year 2011-2012?

(12 × ¼ = 3 weightage)

Part B

Short Answer Type Questions. Answer all *nine* questions :

13. Define agricultural income. ✓
14. Who is a resident individual? ✓
15. What is meant by profession? ✓
16. Mention any *two* items of income chargeable under income from other sources.
17. What is the rate of tax of male individual for the Assessment Year 2011-2012?
18. Mention the deduction available to an individual under Section 80 DD.
19. How will you find out the exemption limit of House Rent Allowance (HRA)?
20. Mr. A sold his property for Rs. 3,42,000 in December 2010, incurring an expense of Rs. 2,000, which was purchased in December 2008 for Rs. 1,56,000. Find out taxable capital gain.
21. Mrs. Smitha has a total income of Rs. 2,56,000 for the Assessment year 2011-2012. Find out tax payable by her.

(9 × 1 = 9 weightage)

Part C

Short Essay or Paragraph Questions. (Answer any *five* questions from seven) :

22. Mention any six incomes exempt from tax.
23. Mention the transactions which are regarded as transfer.
24. Mr. Ramesh, an Indian citizen went for higher studies in U.K. on 1st March 2009 and came back to India on 1st October 2010. Find out his residential status for the Assessment year 2011-2012.
25. After serving 33 years and 9 months, Mr. X who is covered under payment of Gratuity Act, retired from service on 30th November 2010. The employer pays him a gratuity of Rs. 9,00,000. His monthly salary at the time of retirement was Rs. 30,000, D.A. Rs. 9,000 and H.R.A. Rs. 4,500. Determine taxable amount of gratuity for the Assessment year 2011-2012.
26. Mr. A is the owner of a house property whose Municipal Value is Rs. 75,000 and FRV is Rs. 80,000. The house is let out on an annual rent of Rs. 90,000. He paid municipal tax Rs. 12,000 for the previous year. Find out annual value of the property for the Assessment year 2011-2012?

27. Written down value of a building 1-4-2010 amounted to Rs. 1,80,000. Additions to building on 1-6-2010 amounted to Rs. 40,000. During the year building costing Rs. 30,000 was sold for Rs. 45,000. Calculate depreciation allowable for the Assessment Year 2011-2012 at 10%.

28. Following are the details of income of a family :

	Rs.
Mr. Raj from business	: 2,50,000
Mrs. Raj from employment	: 2,10,000
Minor son of Mr. Raj - interest income	: 30,000
Minor daughter - from a music concert	: 20,000

Compute income of the members of family for the Assessment year 2011-2012.

(5 × 2 = 10 weightage)

Part D

IV. Essay Questions. (Answer two questions from three) :

29. Explain how the residential status of an individual is determined.

30. Mr. Rajiv furnished the following particulars of his income for the year 2010-2011 :

Salary	: Rs. 15,000 p.m.
✓ Dearness Allowance	: Rs. 1,250 p.m.
✓ Entertainment Allowance	: Rs. 1,000 p.m.
Employer's and employee's contribution to RPF	: Rs. 24,000 each.
Interest on PF at 9.5% p.a.	: Rs. 19,000.
City Compensatory Allowance	: Rs. 200 p.m.
Medical allowance	: Rs. 10,000

He has been provided with an unfurnished accommodation (population less than 10 lakhs) for which the employee paid Rs. 500 p.m. The house is owned by the employer, Fair rental value is Rs. 30,000 p.a. A sweeper at Rs. 200 p.m. and a servant at Rs. 750 p.m. were provided by the employer. Compute taxable income under the head salary for the Assessment Year 2011-2012?

52
10000/100

750

31. The Profit and Loss Account of a merchant for the year ended 31-03-2011 is given below :

Particulars	Amount	Particulars	Amount
	Rs.		Rs.
Opening Stock	25,000	Sales	5,00,000
Purchases	2,50,000	Rent of property	15,000
Wages	1,00,000	Closing stock	35,000
Audit fees	1,000		
Repairs (House property) <i>add</i>	2,000		
General charges	1,500		
Commission for raising loan	1,000		
Bad debts reserve	500		
Bad debts	2,000		
Interest on capital	1,500		
Contribution to Staff Welfare Fund	2,500		
Provision for income tax <i>add</i>	10,500		
Depreciation	2,500		
Net profit	1,50,000		
	5,50,000		5,50,000

You are required to compute his business income for the A.Y. 2011-2012.

(2 × 4 = 8 weightage)