

Reg. No. :

Name :

Third Semester B.Com. Degree Examination, March 2022
Career Related First Degree Programme Under CBCSS
Group 2(a) – Commerce and Tax Procedure and Practice

Vocational Course III

CX 1371 — INCOME TAX LAW AND PRACTICE II

(2019 and 2020 Admission)

Time : 3 Hours

Max. Marks : 80

SECTION – A

Answer **all** questions in **one** word to maximum **two** sentences. **Each** question carries **1** mark.

1. What is profession?
2. What is speculation transaction?
3. What is the amount of deduction allowed for donation given to Social welfare projects?
4. What is a long term capital asset?
5. What is Indexed Cost of Acquisition?
6. What is the maximum deduction available under section 80C?
7. What is GTI?
8. What is the maximum tax deduction that can be claimed under 80D?

9. Write any two No limit donations (deductions is allowed @ 50% of the qualifying amount).
10. What is the maximum available deduction in respect of Interest on Bank/Post office deposits in case of senior citizens?

(10 × 1 = 10 Marks)

SECTION – B

Answer any **eight** questions in **one** paragraph. Each question carries **2** marks.

11. What is site restoration fund?
12. Write any three deductions which are allowed as deductions from business income only on actual payment.
13. What is meant by cost of acquisition?
14. Mr. Sourav sold his property January 2019 at ₹ 50 lakh, which he had purchased in December 2017 for ₹ 30 lakh. He spent around ₹ 2 lakh on house improvement during the period and also paid a brokerage of 0.5 per cent of the sale price of the house at the time of selling the house. What will be his taxable capital gains?
15. Mr. Abinesh purchased a piece of land in May, 2008 for ₹ 84,000 and sold the same in April, 2020 for ₹ 10,10,000 (brokerage ₹ 10,000). What will be the taxable capital gain in the hands of Mr. Abinesh?
16. Mr. Jayan holds 2000 ₹ 10 equity shares. The company has announced rights issue of 20% of original holding @ ₹ 15 per share. Jayan exercises his rights for entire shares. Compute cost of acquisition of right shares.
17. What is the capital gains account scheme?
18. What are the main incomes which can be included in casual income?
19. Ascertain what gifts are charged to tax in the hands of Mr. Kumar.
- (1) ₹ 10,82,000 received on account of will of his grandfather.
 - (2) Gift of ₹ 15,100 received from his friend on his birthday.
 - (3) ₹ 10,000 received from his friends on the occasion of marriage anniversary.
 - (4) Gift of ₹ 1,14,000 from his father.

20. What is Less-Tax Government Securities?
21. What is Bond Washing Transactions?
22. What is Tax-free Non-Government Securities?
23. Discuss on whose hands the income is taxed.

The income of a family is given below.

- (1) Mrs. Midun earned income from employment ₹ 3,60,000
- (2) Their minor son earned interest income from a company for the investment done by his grandfather ₹ 20,000
- (3) Mr. Midun's minor daughter received income ₹ 12,000.

24. What is intra head set off?
25. Explain the provisions related to Carry forward and set off of speculation loss.
26. Mr. Rahim (65 years) has a Mediclaim policy and paid ₹ 55,000 as premium. He also spent Rs. 6,000 towards health check-up. What amount he will get as deduction under section 80 D?

(8 × 2 = 16 Marks)

SECTION – C

Answer **six** questions not exceeding 120 words. **Each** question carries **4** marks.

27. What are the incomes chargeable under the head income from business or profession? Write any five?
28. How deduction is allowed in the acquisition of patent rights or copy rights?
29. Discuss with reasons the admissibility or otherwise of the following expenditure under the provisions of Income Tax Act 1961.
 - (1) Sales tax paid by an assessee.
 - (2) Stock in trade was lost due to fire and the amount of stock destroyed debited to the P and L a/c.
 - (3) Wealth tax paid by the assessee.
 - (4) Commission paid for securing business orders.
 - (5) Brokerage paid for getting loans for the business.

30. ABC Co. Ltd. has four assets depreciable @ 25 per cent. As on 1 April 2020, the value of these assets as per income tax records is ₹ 1,00,000. During the year 2020-21 the company purchased another asset depreciable @ 25 per cent on 1st June 2020 for ₹ 50,000 and sold an existing asset for ₹ 25,000. Calculate depreciation and find out written down value.
31. Which assets are not considered as capital assets?
32. Mr. Babu bought a house property in May, 2009 for ₹ 5,00,000 and sold it in May, 2020 for ₹ 15,00,000. He paid brokerage of ₹ 50,000. Compute taxable capital gain of Mr. Babu for the assessment year 2021-22.
33. What are the conditions to be satisfied to include incomes under the head income from other sources?
34. The following securities are held by Mr. Anand as on April 1, 2020:
- (1) ₹ 50,000, 8% debentures of ABC Ltd., (dated of payment of interest are June 15 and Dec. 15 every year.)
 - (2) ₹ 5,00,000, 5% Kerala Govt. Loan (date of payment of interest is January 1).
 - (3) ₹ 80,000, 6% non-listed debentures of PQR Ltd. (dates of payment of interest being April 15, and Oct. 15 every year).
 - (4) ₹ 10,000, 6.5% Central Govt. loan (date of payment of interest being July 10 every year)
 - (5) ₹ 20,000, 9% Relief Bonds.

What shall be the income from interest on securities taxable for the assessment year 2021-22?

35. What are the Amounts not deductible under "Income from Other Sources" Section-58)?
36. From the following figures, you are required to compute the total income of Shanavas for assessment year 2021-22.

Income from House property (Loss)	₹ 20,000
Capital Gains	
Short term	2,10,000

Long term (Loss)	1,50,000
Other sources	20,000

He has brought forward an unabsorbed depreciation of ₹ 50,000 from 2014-15 when the business was closed and all assets sold. He has also paid interest on moneys borrowed for construction of property relating to previous years relevant to assessment years 2014-15 and 2016-17, which have been not set off in the earlier years, of ₹ 10,000 each.

37. What are the exempted long term capital gains?
38. Sri. Sunder earned a gross total income of ₹ 2,50,000 in the previous year 2020-21. He had made the following deductions in the previous year.
- (1) ₹ 5,000 in the chief ministers earth quake relief fund Maharashtra.
 - (2) ₹ 7,500 to National foundation for communal harmony
 - (3) ₹ 20,000 to municipality for family planning
 - (4) ₹ 12,500 to approved charitable institutions.

Compute the admissible amount as per section 80 G.

SECTION – D

(6 × 4 = 24 Marks)

Answer any **two** questions. **Each** question carries **15** marks.

39. Dr. Sujath Kumar is a medical practitioner in Mangalore. From the following calculate his income from profession for the assessment year 2021-22.

	₹
(1) Gross receipts from dispensary	2,35,000
(2) Gross receipts from consultation	1,65,000
(3) Operation fees	2,50,000
(4) Visiting fees	50,000
(5) Gifts from patients	30,000
(6) Medicines purchased	1,25,000

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|-----------------------------------|----------|
| (7) Closing stock of medicine | 35,000 |
| (8) Salaries paid to employees | 1,50,000 |
| (9) Surgical equipments purchased | 48,000 |
- (10) Dr. Sujith wants to attend a medical seminar in Germany to update the knowledge and spent ₹ 25,000 on it.
- (11) He owns a house whose municipal value is ₹ 50,000. Half portion of the house is used for profession. Expenses paid on the house: Municipal tax 10% of M.V., Repair ₹ 10,000; Renovation expenditure ₹ 30,000
- (12) Medical books purchased ₹ 20,000

40. Tony Thomas purchased a house property for ₹ 76,000 on June 30, 1999. The following expenses are incurred by him for making addition / alteration to the house property. Cost of construction of the first floor in 1987-88 ₹ 1, 00,000. Cost of construction of the second floor in 1994-95. ₹ 3,40,000. Fair market value of the property on April 1 2001 was ₹ 4, 50,000. The house property is sold by him on June 15, 2020 for ₹ 35, 50,000 (expenses of transfer ₹ 10,000) cost inflation index: 2001-02:100 and 2020-21: 301.

Calculate capital gain for the Assessment year 2021-22.

41. From the following information provided by Mrs. Verma, ascertain the tax treatment of various items.
- (1) Gold jewellery worth ₹ 2,84,000 received from her mother.
 - (2) Shares valuing ₹ 20,000 received by way of gift from her brother.
 - (3) A painting worth ₹ 2,50,000 received from a friend on the occasion of her marriage.
 - (4) A diamond necklace amounting to ₹ 60,000 received from a friend on the occasion of her friends marriage.
 - (5) Gold bangles purchased for ₹ 64,000; the fair market value of gold jewellery is ₹ 1,34,000.

- (6) Bullion purchased for ₹ 5,70,000; the fair market value of the bullion is ₹ 5,40,000.
- (7) A refrigerator purchased for ₹ 38,000, the fair market value of refrigerator is ₹ 90,000.

42. Mr. Pillai, a resident individual, submits the following particulars of income for the previous year ending March 31, 2021:

	₹
Dividend from REC International Ltd. (Gross)	4,800
Dividend from Sundaram Finance Ltd.	2,700
Interest paid on capital borrowed for the purpose of investment in shares of Sundaram Finance Ltd.	4,200
Collection charges in respect of dividend	460
Winnings from lottery net amount	69,100
Tax deducted at source	30,900
Winnings from card games	23,500
Interest on securities issued by the Govt. of Malaysia	20,570

What will be the income of Mr. Pillai under the head 'Income from other sources' for the assessment year 2021-22?

43. From the following information compute total income of Kumari. Sithara for the assessment year 2021-22.

	₹
Income from poultry farming	30,000
Interest from bank on savings deposit	4,000
Dividend from shares held in an Indian company (gross)	20,000
Income from units of Mutual fund (gross)	8,000
Income from other sources	42,000
Donation to Prime Ministers care fund	2,000

44. Smt. Mridula gives her receipts and payment account for the year ending on 31.3.2021. She is maintaining accounts on cash basis. Find out her total business income and income from other sources.

Receipts	₹	Payments	₹
Balance b/d	25,640	Typewriter	20,000
Fee: 2019-20	23,000	Car expenses	36,000
2020-21	2,61,000	Office expenses	80,000
2021-22	26,000	Wages:	
Gifts from Clients	48,000	2020-21	64,000
Lottery wins	98,000	2021-22	22,000
UTI dividend	18,000	Municipal tax	12,000
Rent on House	1,20,000	Office repairs	24,000
Share in a firms profit	30,000	Loan interest (personal purposes)	20,000
		Life Insurance premium	16,000
		Income Tax	4,000
		Balance C/D	3,51,640
	<u>6,49,640</u>		<u>6,49,640</u>

(2 × 15 = 30 Marks)