

**Fifth Semester B.Com. Degree Examination, December 2018**  
**First Degree Programme Under CBCSS**  
**Core Course : CO 1541/CC 1542**  
**FUNDAMENTALS OF INCOME TAX**  
**(2014 Admn. Onwards)**  
**(Common for Commerce/Commerce with Computer Application)**

Time : 3 Hours

Max. Marks : 80

**SECTION – A**

Answer **all** questions in **one** or **two** sentences **each**. **Each** carries **1** mark.

1. What is total income ?
2. What you mean by perquisites ?
3. What is RRV ?
4. What you mean by profession ?
5. What is block of assets ?
6. What is TDS ?
7. What you mean by assessee in default ?
8. What is unabsorbed depreciation ?
9. What you mean by bond washing transactions ?
10. What you mean by clubbing of income ?

**(10×1=10 Marks)**

**P.T.O.**



## SECTION - B

Answer **any eight** questions in **not** exceeding **one** paragraph **each**. **Each** carries **2** marks.

11. Define previous year.
12. Define gratuity.
13. What you mean by capital asset ?
14. Define transfer.
15. What you mean by tax free government securities ?
16. Define tax evasion.
17. Define casual income.
18. Define CII.
19. Define dividend.
20. Who is a not ordinary resident ?
21. Explain Sec. 54 of Income-Tax Act.
22. Define business.

**(8×2=16 Marks)**

## SECTION - C

Answer **any six** questions. **Each** question carries **4** marks.

23. Define the following as per Income Tax Act :
  - a) Salaries
  - b) Perquisites
  - c) Profit in lieu of salary.

24. Mr. Hemanth has income of Rs. 5,60,000 for the year 2017-18. He gave the following donations, during this year :
- To Andhra Pradesh Chief Ministers Cyclone Fund Rs. 10,000
  - To an approved fund set up for rural development Rs. 15,000
  - To a National Laboratory for specific research Rs. 20,000
- Calculate his total income if his income consists of Rs. 3,00,000 taxable under the head profits and gains.
25. Calculate the tax liability of an individual for the Assessment Year 2018-19 :
- Total income Rs. 2,10,000
  - Agricultural income Rs. 4,000.
26. Point out any eight incomes under the head 'Income from other sources'.
27. Distinguish between RPF and SPF.
28. Mr. X came to India for the first time on 1<sup>st</sup> November 2016. During his stay in India upto 30<sup>th</sup> October, 2017 he stayed at Mumbai upto 10<sup>th</sup> May 2017 and thereafter remained in Bangalore till his departure from India. Determine his residential status for the Assessment Year 2018-19.
29. Following are the taxable income of Mr. R for the PY 2017-18 :
- 1) Income from salary accrued and received in India Rs. 20,000
  - 2) Profit of a hotel business at Melbourne Rs. 30,000
  - 3) Dividend declared in Perth but received in India Rs. 4,000
  - 4) Income from transfer of a long-term capital at Manchester, which was received in India Rs. 20,000



- 5) Interest on debentures of a company at Manchester, which was received in India Rs. 6,000
- 6) Interest received from Mr. P, a non-resident, on the loan provided to him for a business carried on in India Rs. 5,000

Compute the total income of Mr. R if he is a not ordinarily resident for the Assessment Year 2018-19.

30. X is appointed at Kolkata. He is stayed in a hotel for 25 days and thereafter shifted in a house provided by the employer. From the following information determine the taxable value of perquisite, stay in hotel :

- 1) Room rent in hotel Rs. 1,000 per day.
- 2) Salary for valuation of accommodation during the P.Y. Rs. 3,65,000.
- 3) The employer recovered Rs. 100 per day from X regarding stay in hotel.

31. Explain the provisions regarding set off of losses.

**(6x4=24 Marks)**

#### SECTION – D

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

32. Following are the particulars of 2 let out losses of Mr. Ashok Jain. Compute his income from house property.

	House A	House B
Municipal valuation	4,20,000	3,50,000
Fair rental value	3,60,000	3,80,000
Standard rent	4,40,000	3,20,000



Actual rent	4,80,000	4,20,000
Unrealised rent of current year	40,000	35,000
Vacancy	2 months	1 month
Municipal taxes actually paid	12,000	25,000
Due but not paid	30,000	10,000
Repairs	10,000	8,000
Insurance premium	12,000	6,000
Other expenses	8,000	10,000
Interest on money borrowed for the purchase of house		60,000

33. From the following particulars of Shri Ramesh, compute his salary income.

Salary Rs.15,000 p.m.	1,80,000
Bonus	6,000
DA	1,800
Entertainment allowance	6,000
Employers contribution to RPF	21,000
Employees contribution to RPF	21,000
Interest on PF @ 12%	2,400
Personal expenses of Mr. Ramesh's son met by the employer	1,000
Rent-free unfurnished house provided by the employer, whose annual rental value is (at Delhi)	36,000



Total salary paid by the employer to the watchman engaged at

Mr. Ramesh's house	4,800
Medical expenses of the employee	600
Free refreshment during the office hours	3,000
Club bill of the assessee paid by the employer	400
ULIP contribution paid by the employer	6,000

He deposited Rs.12,000 in PPF

He was provided with rent-free house for a period of 8 months only during 2017-18 after which he shifted to his own house. He contributed to enjoy the facility of a watchman for his own house also.

34. The following is the Profit and Loss Account of Mr. X for the year ended 31<sup>st</sup> March 2018. Compute his taxable income from business for that year :

Opening stock	15,000	Sales	1,80,000
Purchases	40,000	Closing stock	20,000
Wages	20,000	Gift from father	10,000
Rent	46,000	Sales of car	17,000
Repairs of car	3,000	Income tax refund	3,000
Medical expenses	3,000		
General expenses	10,000		
Depreciation of car	4,000		
Profit for the year	89,000		
	<b>2,30,000</b>		<b>2,30,000</b>



Following further information is given :

- 1) Mr. X carries on his business from a rented premises half of which is used as his residence.
- 2) Mr. X bought a car during the year for Rs. 20,000. He charged 20% depreciation on the value of the car. The car was sold during the year for Rs. 17,000. The use of the car was  $\frac{3}{4}$ <sup>th</sup> for the business and  $\frac{1}{4}$ <sup>th</sup> for personal use.
- 3) Medical expenses were incurred during the sickness of Mr. X for his treatment.
- 4) Wages include Rs. 250 per month on account of Mr. X driver for 10 months.

35. How will the residential status of an individual be determined ? (2×15=30 Marks)

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Reg. No. : .....

Name : .....

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**SECTION – A**

Answer **all** questions. **Each** question carries **1** mark.

1. Who is a deemed assessee?
2. What is meant by LTCG?
3. What is depreciation?
4. What do you mean by income tax?
5. Define FRV.
6. What do you mean by vocation?
7. What do you mean by arrears of rent?
8. Define Annual value.
9. What is meant by LTC?
10. What do you mean by grossing up of securities?

**(10 × 1 = 10 Marks)**



## SECTION – B

Answer **any eight** questions. **Each** question carries **2** marks.

11. What is meant by casual income? Write any two examples.
12. What is Gross Total Income?
13. What are the deductions from Gross Salary u/s 16?
14. What do you mean by transferred balance?
15. What is meant by assessment year?
16. What do you mean by converted property?
17. When an assessee becomes an assessee in default?
18. Define salary.
19. Why income from other source is called residuary heads of income?
20. What do you mean by clubbing of income?
21. What are the conditions for deducting unrealized rent?
22. What is the tax treatment for medical benefit given to the employee in a private hospital?

**(8 × 2 = 16 Marks)**

## SECTION – C

Answer **any six** questions. Each question carries **4** marks.

23. What are the assets not treated as capital assets?
24. Explain the tax treatment of RFA.

25. Mr. Ram was getting pension from a bank Rs. 12,000 pm. With effect from 1.6.2018, he commuted two third of the pension and received Rs. 4,80,000.

Compute the taxable amount of pension if :

- a) He received gratuity at the time of retirement  
b) He did not receive gratuity at the time of retirement.

26. Compute depreciation allowance from the following information.

WDV on 1.4.2018	1,10,000
Furniture purchased on 2.6.2018	15,000
Furniture purchased on 8.1.2019	20,000
Sale of old furniture on 10.3.2019	3,000
Rate of depreciation	10%

27. Explain the provisions relating to set-off of losses.

28. Following are the incomes of Mr. Mohan for the previous year 2018-19.

Profit from business in Canada received in India	Rs. 1,20,000
Income from house property in India	Rs. 14,000
Income from house property in Canada received in India	Rs. 30,000
Income from business in Uganda deposited in a bank there	Rs. 45,000
Profit from business in Indonesia deposited in a bank there, This business is controlled from India	Rs. 1,00,000
Share of profit from a firm in India	Rs. 14,000
Salary received in India for services rendered in Iraq	Rs. 54,000
Income from business in India controlled from Bangladesh	Rs. 43,000

Compute total income of Mr. Mohan if he is

- a) Ordinarily resident
- b) Not ordinarily resident and
- c) Non- resident.

29. From the following information, compute Long Term Capital Gain;

Cost of acquisition of house property on 1.1.2003	Rs. 1,33,000
Cost of improvement on 21.4.2005	Rs. 1,00,000
Cost of improvement on 2.2.2008	Rs. 3,20,000
Sales consideration on 16.5.2018	Rs. 15,23,000

CII – 2002 – 03 = 105; 2005 – 06 = 117; 2007 – 08 = 129; 2018 – 19 = 280.

30. What are the inadmissible expenses while computing income from business or profession?

31. Determine annual value from the following information.

Municipal value	40,000
Fair rental value	42,000
Monthly rent (let-out)	4,000
Vacancy	1 month
Municipal tax (paid by tenant)	2,000

(6 × 4 = 24 Marks)

SECTION – D

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

32. Explain the residential status of an Individual.

33. Compute Income from House property.

Municipal value	Rs. 43,000
Fair rent	Rs. 45,000
Standard rent	Rs. 50,000
Monthly rent	Rs. 4,000
Municipal tax	Rs. 4,300
Interest on loan	Rs. 14,000

Unrealized rent for the previous year 2015–16 is recovered during the previous year 2018–19 Rs.10,000.

Arrear of rent of 2016-17 Rs. 4,000 is recovered during the previous year 2018–19.

The house remained vacant for 1 month.

34. Mr. Kishore is working in a Private Bank in Ahmadabad. The following are his incomes.

• Basic Pay	Rs. 30,000 p.m
• D.A	20%
• Entertainment Allowance	1,000 p.m
• City Compensatory Allowance	1000 p.m
• Children education Allowance (for two children)	300 p.m

500 p.m

- Deputation Allowance
- House rent allowance 3,000 p.m (he resides in his own house)
- His domestic telephones expenses are paid by the bank amounted to Rs. 6,000
- The bank gave him a watch as birthday gift, the cost of which was Rs. 2,000
- He owns a car which he uses for official purposes also. The expenses reimbursed by the employer in this respect of the car amounted to Rs. 40,000. A driver is also provided. The cubic capacity of the car is 1,500.
- He paid professional tax Rs. 2,500 during the year.

Compute income from salary for the A.Y 2019 – 20 .

35. Explain the various income exempted u/s 10.

(2 × 15 = 30 Marks)

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