

SIXTH SEMESTER B.Com./B.B.A. DEGREE EXAMINATION, MARCH 2021

(CUCBCSS—UG)

B.B.A.

BBA VIB 14—INCOME TAX (FINANCE SPECIALISATION)

Time : Three Hours

Maximum : 80 Marks

Section A (Objective Questions)

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

Choose the correct answer :

1. Annual value of a self-occupied house will be :
 - (a) Municipal valuation.
 - (b) Fair Rental Value.
 - (c) Municipal value or FRV whichever is more.
 - (d) Nil.
2. In the case of a person resident in India, agricultural income from abroad is :
 - (a) Not taxable.
 - (b) Fully taxable.
 - (c) Taxable in some cases.
 - (d) Partly exempt from tax.
3. State which of the following income is exempted :
 - (a) Dearness Allowance.
 - (b) Foreign Allowance.
 - (c) City Compensatory Allowance.
 - (d) Medical Allowance.
4. For income tax purpose, house means :
 - (a) Dwelling house.
 - (b) Building for office use.
 - (c) Godown.
 - (d) All of these.
5. Interest on ————— securities is always grossed up.
 - (a) Tax free commercial.
 - (b) Less tax commercial.
 - (c) Government.
 - (d) Tax free government.

Fill in the blanks :

6. Income from buying and selling of house property is taxable under the head —————.
7. Loss from speculation business can be carried forward up to ————— years.

Turn over

8. Land becomes long term capital asset when held for more than _____.
9. Gift in cash up to Rs. _____ is not taxable.
10. Income tax in India is a _____ tax.

(10 × 1 = 10 marks)

Section B (Short Answer Questions)

Answer at least five questions.

Each question carries 4 marks.

All questions can be attended.

Overall Ceiling 20.

11. When does a H.U.F. become a non-resident ?
12. What is unabsorbed depreciation ?
13. What is unrealized rent ?
14. What is MMR ?
15. What is a capital asset ?
16. What do you mean by tax evasion ?
17. What is statutory provident fund ?
18. What is gross total income ?
19. What is cost inflation index ?
20. Mention any four items of allowances which are fully taxable.

(5 × 4 = 20 marks)

Section C (Short Essay Questions)

Answer at least four questions.

Each question carries 8 marks.

All questions can be attended.

Overall Ceiling 32.

21. Explain the treatment of encashment of earned leave.
22. How will you compute long term capital gains ?
23. What are the deductions allowed in computing income from house property ?
24. Explain the incidence of tax liability.
25. Mr. Arun, an Indian citizen, left India for the first time on 31st May 2015 and came back on 15th May 2018. He again left India on 10th June 2019 and came back on 14th January 2020. He is living in India since then. Determine his residential status during the previous year 2019-2020.

26. Mr. Madhu retired from service on 31st January 2020 after serving for 27 years and 5 months. His monthly remuneration at the time of retirement was Rs. 21,000, consisting of the following :

Basic Pay	... Rs. 10,000
Dearness Allowance	... 50% (forming part of pay)
Bonus	... Rs. 2,000
Commission	... Rs. 1,000
Travelling Allowance	... Rs. 3,000

At the time of retirement, he was given death cum retirement gratuity Rs. 2,20,000. Find out the taxable amount of gratuity for the year 2019-2020, if Mr. Madhu was an employee covered under Gratuity Act of 1972.

27. Mr. Ramachandran is the owner of a house which is let out during the previous year 2019-20. Following is the details of the house :

Fair Rental Value	... Rs. 1,36,000 per year
Actual Rent	... Rs. 4,000 per month
Municipal valuation	... Rs. 40,000 per year
Standard Rent	... Rs. 38,000 per year
Municipal tax is 10% of municipal valuation	
Ground rent and collection charges	... Rs. 6,000
Interest on loan for construction	... Rs. 12,000

Compute income from house property.

28. Compute the taxable capital gain for the previous year 2019-20 from the following information of Mr. Kamal.

(a) Cost of acquisition of residential house in 2012-13	... Rs. 3,48,000
(b) Sale consideration on 1st June 2019	... Rs. 16,00,000
(c) Cost of acquisition of new house on 30th July 2019	... Rs. 3,00,000

Cost Inflation Index in 2012-13 and 2019-20 were 200 and 289 respectively.

(4 × 8 = 32 marks)

Section D (Essay Questions)

*Answer any one question.
The question carries 18 marks.*

29. Explain the various deductions allowable from Gross Total Income.

Turn over

30. Mrs. Aneesa is an Assistant Professor in a college. The details of her income for the previous year 2019-2020 are given below :

Basic salary	..	7,60,000
Income tax deducted from salary	..	72,000
Dearness allowance	..	36,000
Education allowance for two children (expenses Rs. 10,000)	..	5,000
Hostel allowance for one child (expenses Rs. 18,000)	..	7,200
House rent allowance	..	12,000
Allowance for research (expenses Rs. 5,500)	..	8,000

She contributes 10% of her salary to a statutory provident fund to which the college also makes a matching contribution. She gets reimbursed of Rs. 13,000 being expenses incurred on medical treatment of her daughter in a private clinic.

On 01/04/2019, she purchased a flat for Rs. 25,00,000 for own residence but let out the same at the rate of Rs. 1,20,000 per annum. Municipal tax paid Rs. 5,000.

She sold some jewellery (personal asset) for Rs. 12,60,000, purchased in June 2018 for Rs. 10,00,000.

During the year, she paid Rs. 11,600 as insurance premium on her life policy and paid Rs. 25,000 medical insurance premium for self and husband. She contributed Rs. 5,000 to a political party and donated Rs. 20,000 by cheque, to an orphanage approved under section 80G.

Compute her total income for the Assessment Year 2020-2021.

31. Mr. Murthy retired from a bank on 31/01/2020. He gives the following particulars of his income earned during the year ended 31/03/2020 :

Salary (after deducting tax on employment 2,000 and income tax 12,000)	..	1,80,000
Own contribution to RPF	..	8,000
Pension	..	15,000
Club bills paid by the employer	..	6,000

Particulars of his other incomes during the year are given below :

His share of profit from a partnership firm	..	50,000
His share of profit from the HUF in which he is a member	..	75,000
Amount received as interest on government securities	..	1,10,000
Rent received from house property (he could not collect one month's rent)	..	33,000
Municipal taxes due for the year on above	..	3,000
Long term capital gain	..	2,40,000
Lottery winnings received during the year	..	1,40,000

Compute his total income during the previous year 2019-2020.

(1 × 18 = 18 marks)