

Total No. of Questions: 6

Total No. of Printed Pages:3

Enrollment No.....



Faculty of Commerce
End Sem (Odd) Examination Dec-2017
CM3CO10 Income Tax Laws and Practices

Programme: B.Com.(Hons) Branch/Specialisation: Commerce

Duration: 3 Hrs.

Maximum Marks: 60

Note: All questions are compulsory. Internal choices, if any, are indicated. Answers of Q.1 (MCQs) should be written in full instead of only a, b, c or d.

- Q.1 i. The agricultural income is: **1**
(a) Rent of land (b) Income from sale of crop
(c) Income from Nursery (d) All of these
- ii. Following is not head of income: **1**
(a) Income from salary (b) Income from interest
(c) Income from business (d) Income from house property
- iii. Deduction allowed against gross salary: **1**
(a) Professional Tax (b) Service Tax
(c) Income Tax (d) Wealth Tax
- iv. Disallowed Expense from business income: **1**
(a) Workers salary (b) Managers Salary
(c) Proprietor salary (d) All of these
- v. Capital gain in depreciable assets is always: **1**
(a) Short term (b) Long term (c) Tax free (d) None of these
- vi. When any Assessee sold an assets which is used by him less than 36 months and profit is gained by him is called: **1**
(a) Short term profit (b) Long term profit
(c) Both (a) and (b) (d) None of these
- vii. Deduction under section 80G is available for: **1**
(a) Donation (b) Royalty
(c) Computer Software (d) Charity
- viii. Unabsorbed depreciation can be set off to the extent of: **1**
(a) 2 years (b) 4 years (c) 8 years (d) No time limit

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[2]

- ix. Assessing officer is: **1**
(a) Income tax officer (b) Assistant commissioner
(c) Joint commissioner (d) All of these
- x. Usually the due date for filing return of income in case of individuals: **1**
(a) 31st March (b) 31st July (c) 31st August (d) None of these
- Q.2 i. Explain person & Assessee as per Income Tax Act. **4**
ii. Explain in detail any six exempted income. **6**
- OR iii. Explain residential status of Assessee & their tax liability. **6**
- Q.3 i. Discuss rule regarding valuation of rent free accommodation under the income tax act. **4**
ii. An employee gets salary of Rs. 18000 per month & bonus equal to one month salary, apart from this he also get following facilities. **6**
(a) Free meal daily costing Rs. 45 per day for 250 working days.
(b) Free electricity cost annually Rs. 3800
(c) Medical Allowances annually Rs. 14000
(d) Telephone facility at home Rs. 300 per month
(e) Education allowance for three children Rs. 5700 per annum.
Compute his taxable salary for the AY 2016-17
- OR iii. Compute taxable income from house property from given information which is fully let out: **6**
Fair rent Rs. 82000
Actual rent Rs. 106000
Municipal Valuation Rs. 70000
Standard Rent Rs. 120000
Municipal Tax paid Rs. 7500
Interest paid for construction Rs. 120000
Fire Insurance premium Rs. 5000
Rent collection charges Rs. 500
- Q.4 i. Explain long term & short term capital gain. **4**

[3]

- ii. Explain any six expressly allowed deductions for calculating income from business or professions. **6**
- OR iii. Mr. Ram purchased a house in 1979 Rs. 250000 for self residence. **6**
On August 2015, he sold the house for Rs. 1250000 and purchased a new flat on Jan 2016 for self residence for Rs. 250000. He paid 2% brokerage each on purchase & sale of house. Compute his taxable capital gain with working notes. Cost inflation index for 2016-17 is Rs. 1125.
- Q.5 i. Write provision related to deduction of medical insurance premium under section 80D & payment of interest on loan taken for higher studies under section 80E. **4**
ii. Write any ten types of income from other sources. Explain any five types of income from other sources briefly. **6**
- OR iii. State the provision related to set off & carry forward of losses under the: **6**
(a) Business losses (b) Speculation losses
- Q.6 i. Explain the provision of income tax relating to filing return of income. **4**
ii. Discuss the provision regarding any three defaults & penalties under income tax. **6**
- OR iii. Explain self assessment & best judgement assessment. **6**

CM3CO10 Income Tax Laws and Practices

Marking Scheme

Q.1	i.	The agricultural income is: (d) All of these	1	OR	iii.	Compute taxable income from house property from given information which is fully let out: Fair rent Rs. 82000 Actual rent Rs. 106000 Municipal Valuation Rs. 70000 Standard Rent Rs. 120000 Municipal Tax paid Rs. 7500 Interest paid for construction Rs. 120000 Fire Insurance premium Rs. 5000 Rent collection charges Rs. 500 0.5 mark for each correct entry (0.5 mark * 8 = 4 marks) 2 marks for final calculation	6
	ii.	Following is not head of income: (b) Income from interest	1				
	iii.	Deduction allowed against gross salary: (a) Professional Tax	1				
	iv.	Disallowed Expense from business income: (c) Proprietor salary	1				
	v.	Capital gain in depreciable assets is always: (a) Short term	1				
	vi.	When any Assessee sold an assets which is used by him less than 36 months and profit is gained by him is called: (a) Short term profit	1	Q.4	i.	Long term capital gain – 2 marks Short term capital gain – 2 marks	4
	vii.	Deduction under section 80G is available for: (a) Donation	1		ii.	Any six allowed deductions (1 mark * 6 = 6 marks)	6
	viii.	Unabsorbed depreciation can be set off to the extent of: (d) No time limit	1	OR	iii.	Computation of taxable capital gain with working notes	6
	ix.	Assessing officer is: (d) All of these	1	Q.5	i.	Provision related to deduction of medical insurance premium under section 80D – 2 marks Provision related to payment of interest on loan taken for higher studies under section 80E – 2 marks	4
	x.	Usually the due date for filing return of income in case of individuals: (b) 31 st July	1		ii.	Any ten types of income from other sources – 1 mark Any five types of income from other sources with explanation– 1 mark each (1 mark * 5 = 5 marks)	6
Q.2	i.	Person as per Income Tax Act. – 2 marks Assessee as per Income Tax Act. – 2 marks	4	OR	iii.	Provision related to set off & carry forward of losses under the (a) Business losses - 3 marks (b) Speculation losses – 3 marks	6
	ii.	Any six exempted income 1 mark for each point (1 mark * 6 = 6 marks)	6				
OR	iii.	Residential status of Assessee – 3 marks Their tax liability – 3 marks	6	Q.6	i.	Provision of income tax relating to filing return of income.	4
					ii.	Provision regarding any three defaults – 3 marks Provision regarding any three penalties – 3 marks	6
Q.3	i.	Rule regarding valuation of rent free accommodation	4	OR	iii.	Self assessment - 3 marks Best judgement assessment – 3 marks	6
	ii.	(a) Free meal daily costing Rs. 45 per day for 250 working days. (b) Free electricity cost annually Rs. 3800 (c) Medical Allowances annually Rs. 14000 (d) Telephone facility at home Rs. 300 per month (e) Education allowance for three children Rs. 5700 per annum. Compute his taxable salary for the AY 2016-17 1 mark for each correct entry (1 mark * 5 = 5 marks) 1 mark for final calculation	6				
