

K21P 1029

Reg. No. :

Name :

**III Semester M.Com. Degree (CBSS – Reg./Suppl./Imp.)
Examination, October 2021
(2018 Admission Onwards)
COM3C13 – INCOME TAX LAW AND PRACTICE**

Time : 3 Hours

Max. Marks : 60

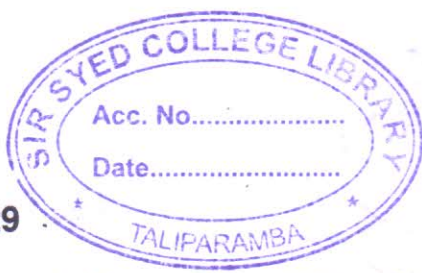
SECTION – A

Answer **any four** questions in this Section. **Each** question carries **1** mark for Part (a), **3** marks for Part (b) and **5** marks for Part (c) :

1. a) What is assessment year ?
b) How would you determine the residential status of a company ?
c) Mr. Raghu, who was born and brought up in India, went for further studies to U.K on 1st March, 2018 and came back to India on 1st October, 2019 early in the morning. Determine his residential status for the A.Y 2020-2021 by stating the rules thereunder.
2. a) What is transferred balance ?
b) Explain the provision on the treatment of encashment of earned leave.
c) Mr. John is employed in a company in Hyderabad on a basic salary of Rs. 20,000 p.m. He is getting D.A of Rs. 1,000 p.m. The company paid the annual premium of Rs. 10,000 on the life insurance policy of Mr. John. His two children are getting free education in a school owned by the company. The cost of education per child is Rs. 800 p.m. He was also provided with a free unfurnished house with a fair value of Rs. 30,000. The company has allotted him 1000 shares of the company @ Rs. 100 per share, the FMV of shares being Rs. 150 per share.

Compute the taxable salary of Mr. John for the A.Y. 2020-2021.

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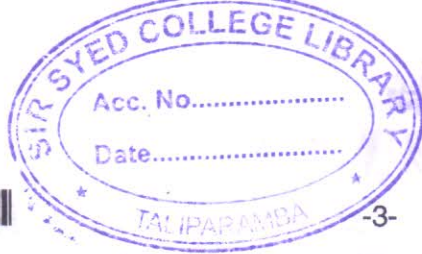
3. a) What is Gross Annual Value ?
- b) What is pre-construction period ? Explain the provision regarding the admissibility of interest for pre-construction period.
- c) Mr. Abu owns a big house having a municipal value of Rs. 80,000 while the standard rent is Rs. 90,000. The house is used as follows :
- i) 25% portion for self-residence
 - ii) 25% portion for his business purpose
 - iii) 25% portion let out for residential purpose @ Rs. 2,000 p.m
 - iv) 25% portion let out for a commercial purpose @ Rs. 2,000 p.m
- Municipal tax paid is Rs. 9,000. Interest taken on loan for the purchase of the house is Rs. 24,000. Compute the income from house property of Mr. Abu for the A.Y. 2020-2021.

4. a) What is block of assets ?
- b) Explain the provision regarding deductions to be allowed in respect of expenditure on family planning.
- c) Mr. A furnished the following particulars for the A. Y. 2020-2021 :

	Rs.
Loss from business	2,00,000
Loss from specified business	70,000
Depreciation allowance for the current year	40,000
Income from house property (computed)	4,00,000
Items carried forward from the earlier years :	
Business loss for the A. Y. 2016- 17	2,40,000
Unabsorbed depreciation for the A. Y. 2017-18	1,00,000

Compute the gross total income of Mr. A for the A. Y. 2020-2021.

5. a) What are casual incomes ?
- b) How would you compute agricultural income out of the composite income of the following business :
- i) Sugar factory which uses sugarcane cultivated in its own farm.
 - ii) Growing and manufacturing of centrifuged latex.
 - iii) Growing and manufacturing of tea.



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- c) Mr. Gupta built a house in 2001-02 at a cost of Rs. 2,00,000 for self-residence. On 1st August, 2019 he sold his house for Rs.15,00,000 and purchased a new flat on 1st January, 2020 for Rs. 5,00,000. Stamp fee paid Rs. 50,000 for registration. He paid 2% brokerage on sale and purchase of the property. Compute his capital gains.
6. a) What do you mean by clubbing of income ?
b) Explain the provisions regarding set off of losses.
c) From the following information, compute income from other sources of Mr. Akalank for the A. Y. 2020-2021 :
a) Gift of Rs. 50,000 from his friend.
b) Gift of jewellery worth Rs. 2,00,000 from his fiancée.
c) Gift of Rs. 21,000 each from his two friends on his marriage.
d) Gift of Rs. 68,000 from his father's brother.
e) Rs. 8,000 as interest on government securities.
f) Rs. 8,100 as interest on tax free debentures of GE Ltd. (not listed)
g) Winning from lottery Rs. 70,000 (net).
h) Interest on Post Office Savings Bank A/c Rs. 4,000.
i) Family pension Rs. 60,000. (4×9=36)

SECTION – B

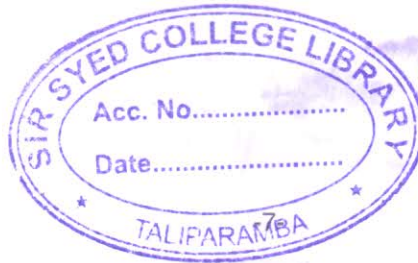
Answer **any two** questions in this Section. **Each** question carries **12** marks :

7. Explain the deductions available to an individual under section 80 of the Income Tax Act, 1961.

OR

Compute the tax liability of Mr. R for the A.Y. 2020-2021 under each of the following cases :

- i) Total Income Rs. 2,20,000 and Agricultural Income Rs. 20,000
- ii) Total Income Rs. 2,80,000 and Agricultural Income Rs. 4,000
- iii) Total Income Rs. 12,00,000 and Agricultural Income Rs. 40,000



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8. a) Explain the following items :

- i) Money at call and short notice
- ii) Discounting of bills
- iii) Acceptance, endorsement
- iv) Inter-office adjustments,
- v) Non-banking assets
- vi) Rebate on bills discounted.

OR

b) Write notes on :

- i) Contingency reserve
 - ii) Capital base
 - iii) Development reserve
 - iv) Tariffs and dividend control reserve
 - v) Depreciation reserve
 - vi) Restriction on dividends.
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