

Term End External Examination 4th Semester (Session- July 2024)

Subject: Commerce

Course No and Title: COMC2422M2/ Income Tax: Law and Practice-1

Time: 2.15 hours Max Marks:100 Min. Marks:40

Section A: Objective Type Questions

Q1. Choose the appropriate Answer: (8x1.5=12)

- i. Gross Total Income means Aggregate of Incomes under all heads of Income
 - A After claiming deduction u/c VI-A
 - B Before claiming deduction u/c VI-A
 - C Income for which no deduction u/c VI-A
 - D None of the above
- ii. Children education allowance is exempt up to..... per month per child for two children.
 - A Rs.100
 - B Rs.150
 - C Rs.200
 - D Rs.250
- iii. Gratuity received by a government employee is.....
 - A Fully exempted
 - B Partly exempted
 - C Fully taxable
 - D Exempted up to Rs: 1, 00,000
- iv. If fair rent is not given, then assume as fair rent.
 - A Actual rent
 - B Standard rent
 - C Average rent
 - D None of the above
- v. If the Assessee is living in own house HRA is
 - A Fully Taxable
 - B Partly Taxable
 - C Fully Exempted
 - D None of these
- vi. While computing indexed cost of improvement, it shall be divided by
 - A CII for the year in which improvement took place
 - B CII for year in which asset was transferred by Assessee
 - C CII for the year being 1.4.2001
 - D CII for the year in which asset was held by the assessed
- vii. A citizen of India who goes abroad for the purpose of employment, he must stay in India at least for..... Days to become a resident.

- A 90 days
- B 162 days
- C 180 days
- D 182 days

viii. Interest on RPF balance is exempted up to.....

- A 9.75%
- B 9.5%
- C 10%
- D 12%

Section-B: Descriptive Type Questions (Short Type)

Q2: Answer all the Questions (8 x 4 =32)

- i. What do you mean by recognized & unrecognized provident fund.
- ii. What are the various exempted incomes specified under section 10 of income tax act.
- iii. Explain how residential status of an individual Assessee is determined.
- iv. How is the 'Annual Value' of a property determined?
- v. What are short-term and long-term capital gains?
- vi. What exemptions are available for capital gains?
- vii. What do you mean by block of Assets?
- viii. What are the allowable expenses under PGBP?

Section – C: Descriptive Type Questions (Medium Type)

Answer all the questions: (4 x 7=28)

Q 3. Mr. Tahseen a foreigner comes to India from Poland for the first time on 01-04- 2012 .He stayed here continuously for 3 years and went to France on 01-04-2015. He however returned to India on 01-07- 2015 and went to Poland on 01-12-2016. He again comes back to India on 25-01-2019 on a service in India .what is his residential status for the A.Y 19-20.

OR

Mr Nasir a Manager of a limited company retires on 01-06-2018 after putting 40 years of continuous service .He received gratuity of Rs 100000 in august 2018. His salary for the year 2017 -2018 was Rs 4000 P.m and 2018 -19 Rs. 6000. P.m. Calculate his taxable gratuity for the A.Y. 2019-20.

Q 4. Calculate ARV of Mr Anzar from the particulars given below.
MRV - 90000 FRV - 88000
Case 1: If the rent is Rs 8000 and standard rent is 92000
Case11: If the actual is 6000 p.m and standard rent is Rs 92000.

OR

Calculate Gross annual value of Mr. Ajay from the particulars given below.

Annual rent-	Rs 102000 p.a
MRV -	Rs 65000 p.a
FRV	Rs 69000 p.a
Standard Rent	Rs 55000

The assessee could not realise rent for one month and house also remained vacant for 3 months during the previous year 2018-2019.

- Q 5. Mr. A purchased house on 1.7.2017 for Rs. 5,00,000. He made improvement expenses in July 2017 of Rs. 2, 00,000. This house was sold for Rs. 12, 00,000 on 1.1.2019. He paid commission 2% on sale value. Calculate capital gain.

OR

List any five investments options that qualify for deduction under Section 80C of income tax act 1961.

- Q6. What deductions can be claimed from Income from House Property?

OR

What do you mean by TDS, what is the difference between Deduction and Exemption?

Section – D: Descriptive Type Questions (Long Type)

Answer any two of the following: (2 x 14=28)

- Q7. Mr. Amir provides following information about his salary income Salary 200000, DA 100% of Salary, Bonus 20,000, City Compensatory Allowance 400 p.m. Lunch allowance 500 p.m. Reimbursement of medical expenditure incurred on treatment of wife from private nursing home is 52000. He is given a choice to select either
- Rent free house owned by employer at Chandigarh population 9 lakhs (2001) and 12 lakhs (2011)
- Or
- House rent allowance 8000 p.m. He can hire a smaller type of house @7000 p.m.
- Advise him which option he should choose from taxation point of view under old tax regime.

- Q8. MRV of a residential house is Rs 24000 and Actual Rent is 25000 p.m. During the year 2023-2024 house was vacant for 2 months. The municipal taxes are @10% of MRV. During the year owner paid Rs.30000 as arrears of municipal taxes. Interest on loan taken for construction of house payable to his employer is Rs. 16000. Compute the income from house property.
- Q9. Compute income from other sources of Mr. Krishna Murthy who held the following investments during the previous year 2023-24
- 11000 10% central government securities
 - 36000 10% Tax-free commercial securities of a closely held company
 - 6,300 received as interest on Tax free public limited company securities (listed).
 - 7,200, received interest on Karnataka Government securities.
 - 4,000, received as interest on debentures of Deepak Fertilizers (listed)
 - 30,000, 13.5% securities of a paper mill co. limited (listed)
 - 35,000 11% securities of a paper mill co. (listed)
 - 10,000, 15% Jaipur Municipal Corporation bonds (x)
 - Dividend from Carona Ltd. 4,000
- During the year he got a prize also in Karnataka State Lottery. The net amount received by him was 35000. Interest on all securities is payable on 1st January every year. Bank charges 200 as collection charges.
- Q10. Wali Kakh sold a house on 1-9-2023 for 17,00,000. This house was inherited by him during 2001-02 from his father who had constructed it in 1991-92 for 50,000. Wali Kakh spent 50,000 on renovation of the house in 2006-07. Fair market value of the house as on 1-4-2001 was 4,40,00. This house was under negotiations for sale in May, 2010 and he received 20,000 as advance money. The contract could not materialise and the advance money was forfeited. Compute the amount of capital gain assuming that he does not qualify for any exemption
[C.II. for 2001-02: 100, 2006-07 122, 2010-11: 167 & 2023-24: 348]