



## DEPARTMENT OF COMMERCE

### QUESTION BANK FOR B.COM

## INCOME TAX II

### SECTION A

#### Module 1

1. What is capital Gain?
2. Differentiate between long term capital gain and short term capital gain?
3. What is a long term capital asset?
4. Explain the term Transfer?
5. Outline about CGAS?
6. What is indexation in LTCG?
7. Explain the treatment of selling expenses in computation of capital gains?
8. What do you mean by cost of improvement?
9. What is enhanced compensation?
10. List any three capital gains exempt from Tax?

#### Module 2

11. What is a less tax security?
12. What is a Bond Washing Transactions?
13. Explain about grossing up of income?
14. Name any four tax free securities.
15. What is a deemed dividend?
16. Outline government securities?



17. What is right share?
18. What is interim dividend?
19. Explain about cum & ex interest securities?
20. Explain the Tax Implication of Dividends?

### **Module 3**

21. What do you mean by set off of losses?
22. What do you mean by Qualifying Amount under Section 80 C?
23. What is clubbing of income?
24. Name any 3 types of undisclosed income.
25. Define Cross Transfers?
26. Outline the treatment of Income from a Minor child?
27. What is unexplained Cash Credits?
28. What is Benami Transactions?
29. Mention any 4 types of losses which can be carried forwarded and set off ?
30. Define Unabsorbed Depreciation?

### **Module 4**

31. Define Agricultural Income
32. Explain the features of Agricultural Income
33. Name any 5 types of Non-agricultural Income
34. What is Marginal Relief?
35. Explain Rebate u/s 87 A?
36. What is the treatment of Interest Accrued on NSC VIIIth Issue?
37. Outline about the term Eligible Capital Issue?
38. Explain the treatment of deduction u/s 80DDB?
39. How will you compute tax on winnings from lotteries?
40. How is Anonymous Donations Taxed?



## Module 5

41. What is TRP?
42. What do you mean by refund?
43. What is Total Income?
44. What do you mean by advance payment of tax?
45. What is Belated Return?
46. Define TAN?
47. Explain TDS and TCS?
48. Outline about Tax Clearance Certificate?
49. What is Income Escaping Assessment?
50. What is Rectification Of Mistake?

## SECTION B

### Module I

51. What is capital Gain? Explain in detail the calculation of long term and short term capital gains.
52. Briefly explain various capital gain exemptions under section 54.
53. Mr. X purchased furniture on 01/07/2018 for Rs 13000. It was sold on 12-12-2019 for Rs 15000. The selling expenses were Rs 500. Compute his capital gain.
54. Net Consideration received on 10/01/2019 is Rs 12,00,000.  
Cost of Acquisition on 10/01/2001 is Rs 2,00,00. Compute Capital Gain.  
(CII in 2001-02 is Rs 100 and CII in 2019-20 is Rs 289)
55. What is a capital asset? Which are the important classifications of capital assets?
56. What do you mean by transfer of capital asset?

57. Mr. Sundar sold a building on 3<sup>rd</sup> February 2017 for ₹ 1135000 and paid brokerage of ₹ 15000. He had acquired the asset on 15<sup>th</sup> May 2015 at a cost of ₹ 435000. Compute capital gain.
58. Compute taxable capital gain for the AY 2020-21 from the following particulars: Sale of agricultural land situated in urban area on 18.8.2019 ₹ 600000 Cost of acquisition in 1970 ₹ 30000 FMV on 1.4.2001 ₹ 60000 Deposit in CGAS ₹ 100000 Purchase of new agricultural land on 15.12.2019 ₹ 200000.
59. Mrs. Saira had been living in a house which she purchased in 2001-02 for ₹ 400000. She sold the house for ₹ 1600000 on 1.1.2020. she purchased a house on 10.02.2020 for ₹ 300000. She also deposited ₹ 100000 in CGAS on 5.5.2020. compute the capital gain taxable for the year 2019-20.
60. Mr. Basker had constructed a house for residential purpose in 2001 for ₹ 300000. The house was sold for ₹ 2100000 in 2019-20. He purchased a new house on 1.7.2019 for ₹ 1600000. In January 2020 he sold the new house for ₹ 2000000. Compute the taxable gain applicable to him.

## Module 2

61. What are the deductions available as per the head income from other sources?
62. Briefly explain the four classifications of various types of securities.
63. What expenses are allowed to be deducted under the head income from other source?
64. Mr. Y received Rs 9000 (TDS 10%) as interest on debentures. Find out the taxable amount of interest.
65. Calculate Income from Other Sources:
- |   |          |
|---|----------|
| a) Gift received from a friend          | ₹ 100000 |
| b) Winnings from Lottery (Net)          | ₹ 30000  |
| c) Gift received from his elder brother | ₹ 50000  |
| d) Dividend from a domestic company     | ₹ 16000  |



e) Interest on debentures (gross) ₹ 50000

66. Why income from other sources is called residuary head of income? Explain.

67. Mr. Ravi submits the following particulars of his income for the PY 2019-20.

Interest (Gross) received from an Indian Company on debentures	19400
Dividend from a foreign company	19500
Interest on Loan taken to purchase the debentures	12000
Collection charges for interest on debentures	350
Rent from building let out along with P&M	50000
Depreciation on above assets	15000
Fire Insurance premium on P& M	1500
Repairs on Buildings	500
Winnings from Horse race (Gross)	7000

68. Mr. Basu Received the following incomes during 2019-20. Compute taxable income under the head “ Income from Other Source separately for each case:

Winnings from Sikkim Lottery	₹ 14000
Winnings from Horse races	₹ 2000
Winnings from Cross word puzzles	₹ 4000
Winnings from Lottery	₹ 2000
Winnings from horse races	₹ 21000

69. Mr. S has the following investments for the PY 2019-20:

a) ₹ 3000 tax free govt. securities



- b) Interest from 10% ₹ 400000 karnataka govt. loan
- c) Interest from 12% , 300000 tax free debentures of a listed company.
- d) Interest from 10% , 200000 debentures of a tea company (listed). He paid commission of ₹ 300 for collecting the interest. Compute income from Other sources.

70. Mr. C has the following incomes during the year ended 31st March 2019.

- a) Dividend received from MRF Limited on 31/03/2019 is Rs 6000.
- b) Dividend received from Vguard Limited on 31/03/2019 is Rs 9000.
- c) Interim Dividend received Rs 6000
- d) Received 95000 worth gold from Kerala State Lottery

Compute Income from other sources for the assessment year 2019-2020.

### Module 3

71. Mr. B furnishes the following Particulars:

Income from Salary (Computed)	₹ 45000
Loss From house property	₹ 24000
Loss from business	₹ 22000
Loss from speculative business	₹ 4000
STCL	₹ 25000
Long term capital gain	₹ 19000

Compute gross total Income of Mr. B

72. Mr. Anand gives the following details relating to the PY 2019-20.

Income from House property (computed)	₹ 36000
Profits from timber business	₹ 70000
STCG	₹ 16000
LTCG	₹ 34000
LTCL	₹ 48000



He has the following brought forward losses also:

- |                                     |         |
|-------------------------------------|---------|
| a) Business loss for the PY 2019-20 | ₹ 60000 |
| b) Loss from HP for the PY 2019-20  | ₹ 42000 |

73. Mr. Salim gives you the following details of his Income and losses during the PY 2019-20.

Brought forward business loss of the year 2018-19	₹ 100000
Unabsorbed depreciation of the year 2018-19	₹ 160000
Brought forward loss from house property for the year 2018-19	₹ 20000
Current year loss from business	₹ 40000
Depreciation allowable	₹ 12000
Income from house property	₹ 36000
Interest on securities	₹ 200000
Interest on bank deposits	₹ 40000

Compute taxable income of Mr.salim for the year 2019-20.

74. Explain in detail Aggregation of Income?

75. Explain sec.64 and sec.64(1A)?

76. Explain deduction in respect of donation u/s 80 G?

77. Explain deduction u/s 80 C?

78. Explain deduction u/s 80 E , 80 QQB , 80 RRB & 80 TTA?

79. Explain about set off & Carry forward of losses with regard to Horse races and speculation business?

80. Explain in detail set off & carry forward of losses with regard to Capital gain and Income from Business including specified business?

## Module 4



81. Outline about Partly Agricultural Income in detail?

82. State any five fully exempted incomes?

83. The following particulars in respect of Mr. Ram are given to you.

<b>i) Non-agricultural Income:</b>		
Salary Received		₹ 240000
Rent from Hp		₹ 60000
<b>ii) Capital Gains:</b>		
STCG from Jewellery		₹ 28000
LTCG from sale of plot		₹ 126000
<b>iii) Other Sources:</b>		
Bank Interest on fixed deposit		₹ 6000
Family Pension		₹ 30000
Dividend from an Indian Company		₹ 4000
Interest on Govt. Securities		₹ 18000
<b>iv) Savings:</b>		
Contribution to RPF		₹ 12000
Deposit with PPF		₹ 18000
Life Insurance Premium (sum assured ₹ 100000)		₹ 22000
<b>v) Agricultural Income:</b>		
Rent from agricultural HP		₹ 60000
Sale Proceeds from agricultural Produce		₹ 160000
Expenses on repairs of HP		₹ 6000
Expenses on cultivation (allowed under the Income Tax Act)		₹ 94500

Compute total income and agricultural income of Mr.Ram for the year 2019 -20.

84. Demonstrate the proforma of Computation of Net Tax liability if both Agricultural Income and Non-Agricultural Income is given for an assessee, using imaginary figures?



85. Compute tax liability from the following details: Non-Agricultural Income ₹ 1100000  
Agricultural Income ₹ 15000. Unabsorbed Agricultural Loss ₹ 5000 brought forward from the Ay 2018-19
86. The income of Mr. Anonh for the Assessment Year 2017-18 has been computed as under, Compute the Gross Total Income :
- |   |          |
|---|----------|
| a) Loss under the head income from other sources                          | ₹ 22000  |
| b) Profits and Gains of Business  | ₹ 230000 |
| c) Long term capital gain   | ₹ 160000 |
| d) Loss under the head Income from House property from a property let out | ₹ 18000  |

## Module 5

87. What are the different types of assessment ?
88. Explain the hierarchical order of Income Tax Authorities?
89. What are the different aspects of Tax Management?
90. What are the powers of CBDT?
91. What is recovery of Tax ?
92. Give the rate of Income Tax of a senior assessee ?
93. What is meant by Tax Deducted at Source ?
94. What are the use of TAN ?

## SECTION C

### Module I

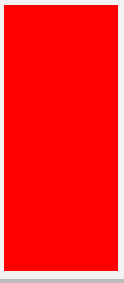
95. Mr. Amal purchased a house plot in 2002-2003 for Rs 10,00,000. He spent Rs 4,00,000 to modify the house in 2011-2012. The land was acquired by the government in June 2018 paying a compensation of Rs 26,40,792. But he filed a suit for further compensation of Rs 20,00,00. But he got only Rs 10,00,000 in March 2019. How much capital gain is taxed in Amal's hands? CII in 2002-2003 is 105. And 2011-12 is 167.



96. Discuss various exempted capital gains as per the capital gain schemes.
97. Explain in detail Section 54, 54 B, & 54EC, under Capital gains?
98. Mr Jamal sold her gold ornaments on 1/1/2019 for Rs. 5,00,000. The indexed cost of Gold was Rs. 3,00,000. On 15th January 2019 she purchased a residential house for Rs 2,50,000. Find out the capital gain taxable for the previous year 2018-2019. Will it make any difference if she deposits Rs. 2,50,000 in CGAS on 30/03/2019.
99. During the previous year 2018-2019, Mr. Somani sold the following assets:
- Shop for Rs. 65,000 (Purchased in 2008-2009 for Rs. 18000) (CII 137)
  - Machinery for Rs. 60000 (Purchased in 2002-2003 for Rs. 1,50,000 (CII 105)  
[WDV on 1/04/2018 Rs. 35,000]
  - Furniture for Rs. 18,000 (Purchased on 1/05/2018 for Rs. 10,000)

## Module 2

100. Mr. Alex has the following the year ended 31st March 2019:
- Dividend declared by Wedding Company Limited Rs 12000
  - Dividend declared by Xcom Company Limited Rs 18000
  - Interim Dividend Received Rs 6000
  - He won the lottery for Rs 90000 from Kerala Government Weekly lottery.
- Compute Income from other sources.
101. Compute Income from other sources:
- Interest on Government Securities: 13600 Rs
  - Interest on National Plan Certificates: 15000 Rs
  - Interest on tax free debentures: 4500 Rs
  - Interest on less tax debentures of unlisted company: 8100 Rs
  - Interest on Post office savings bank: 4500 Rs
  - Interest on bank deposits: 10000 Rs



102. Mr. David has the following investments at the beginning of the year:

- a) Rs. 1,10,000, 10% Central Government Securities
- b) Rs. 3,20,000, 10% tax free commercial securities.
- c) Rs. 3600 as tax free interest on debentures of a company
- d) Rs. 10000 interest on post office savings bank account
- e) Rs. 20000 royalty from a mine
- f) Rs. 15,000 agricultural income from US
- g) Rs. 20000 agricultural income from Punjab

Compute his income from other sources.

103. The following Incomes are received by Mrs. Annapurna during the financial year 2019-20:

Honararium received for writing articles in Magazines	₹ 1000
Income from agriculture in Sri Lanka	₹ 2500
Ground rent from land in Gwalior	₹ 5000
Interest on P.O.S.B a/c	₹ 1000
Interest on deposit with industrial finance corporation	₹ 250
Dividend from Foreign company	₹ 350
Rent from letting of building along with plant	₹ 2000
Repairs to above said plant	₹ 100
Winnings from Horse race	₹ 2000

Interest on ₹ 72000, 10 % Tax-free debentures (listed) of Aravind Co. You are required to calculate Income from other sources of Mrs. Annapurna for the AY 2020-21.

104. Mr. Lalit an ordinary resident in India earned the following incomes during the Financial year 2019-20;

Directors fees	₹ 2000
Income from Agricultural land in Pakistan	₹ 5000



Ground rent for land in Pathankot	₹ 10000
Interest on Postal Savings Bank Account	₹ 100
Interest on deposits with Industrial Finance corporation Of India	₹ 500
Dividend from foreign company	₹ 700
Rent from subletting of a House	₹ 26250
Rent Payable by Mr. Lalit for the sub-let house	₹ 12000
Other expenses incurred on this sub-let house	₹ 1000
Winning from race horses	₹ 12300
Interest on securities	₹ 4000

You are required to calculate Income from other sources of Mr.Lalit for the AY 2020-21.

### Module 3

105. Mr.X gives the following particulars of the income of his family during the financial year 2019-20. Compute taxable income of Mr.X

Income from Profession of Mr.X	₹ 1000000
Salary Income of Ms.Y, wife of Mr.X	₹ 800000
Income of A (minor daughter) from different chess tournaments	₹ 40000
Lottery winning by B (minor daughter)	₹ 50000
Income from House property(owned by C, minor daughter)	₹ 60000.
Interest on bank deposit of D (minor son)	₹ 40000
Interest on debentures of E (major son)	₹ 50000

106. Ram gives the following information of his incomes and losses for the year ending 31.3.2020:

<b>Income from Salary (Computed)</b>	₹ 24000
<b>Income from HP:</b>	



House A (income)	₹ 10000
House B (Loss)	₹ 40000
House C (Self Occupied) Loss	₹ 28000
<b>Income from Business:</b>	
Business A (Profit)	₹ 10000
Business B (Loss)	₹ 12000
Business C Speculation (Profit)	₹ 12000
Business D Speculation (Loss)	₹ 17000
<b>Capital Gain:</b>	
STCG	₹ 8000
STCL	₹ 24000
LTCG	₹ 8000
<b>Other Sources:</b>	
Interest on bank deposit	₹ 8000
Income from Betting	₹ 12000
Loss from Card Games	₹ 6000
Income from card games	₹ 900

107. Explain the provisions relating to Clubbing of Income?

108. Explain the provisions relating to Set Off of losses.

## Module 4

109. Explain the deductions u/s 80 C to 80 U? (Any 6 in detail)

110. From the following information, compute total income and tax payable by Ms. Jaya for the financial Year 2019-20.

1) Taxable business income from sale of securities ₹ 500000



2) Interest on government securities	₹ 40000
3) Long term capital gain	₹ 60000
4) Lottery Winning	₹ 100000
5) Income from House Property (Computed)	₹ 80000
6) Advance tax paid	₹ 20000
7) Life Insurance Premium Paid	₹ 30000
8) NSC Purchased	₹ 20000
9) Donation to chief Ministers Relief Fund	₹ 10000

111. Mr. Aravind donated the following amounts during the financial year 2019-20.

1) Prime minister's national relief fund	₹ 40000
2) swachh bharat kosh	₹ 20000
3) Approved charitable institution	₹ 150000
4) Aid to Poor Students	₹ 2000
5) Books donated to a college approved u/s 80 G	₹ 6000
6) state government for promotion of family planning	₹ 30000
7) JN University (of national eminence)	₹ 10000

His gross total income for the year was ₹ 825000, which includes long term capital gains ₹ 25000, and short term capital gain ₹ 5000 on transfer of equity shares u/s 111.

He has incurred an expenditure of ₹ 60000 on the medical treatment of his handicapped dependent. Calculate the deduction allowable to him u/s 80G.

111. The following are the particulars of Income for the PY 2019-20:

Income From HP	₹ 111200
Business Income	₹ 80000
Dividend From Cooperative society	₹ 500
Long term capital gain:	



Land	₹ 127000
Listed shares sold through a recognised stock exchange	₹ 15000
Life Insurance Premium on his life policy of ₹ 300000	₹ 28000
Donation to charitable Institution approved u/s 80G	₹ 20000
Deposit in National Savings scheme	₹ 12500
Interest on savings bank deposit	₹ 30000

Compute his total Income for the AY 2020-21

## Module 5

112. Explain different types of returns of income.
113. Discuss Briefly the functions of Income tax authorities?
114. Distinguish between tax planning, tax evasion and tax avoidance. give illustrations of each?
115. Define Tax management and explain its different aspects?
116. Explain the procedure for e-filing of return?
117. Briefly explain the provisions related to refund?
118. What is PAN? Explain the provisions relating to PAN?
119. What are the different types of assessments? Briefly explain each of them?
120. What are the general powers of income tax authorities as specified in the IT act?
121. What do you understand by Advance payment of Tax? Explain clearly the provisions of the Income tax act in this respect?