

21101658



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Reg. No.....

Name.....

B.Com. DEGREE (C.B.C.S.) EXAMINATION, JULY 2021

Fifth Semester

Optional Core—CO 5O CT 01—INCOME TAX—I

[B.Com. Model II Finance and Taxation, B.Com. Model III Taxation, B.Com. Model I Finance and Taxation]

(2018 Admissions only)

[Regular Candidates : 2018 Admissions only

Private Candidates : 2017 and 2018 Admissions]

Time : Three Hours

Maximum Marks : 80

Instructions to Private candidates only : This question paper contains two sections. Answer Section I questions in the answer-book provided. Section II, Internal examination questions must be answered in the questions paper itself. Follow the detailed instructions given under Section II.

Section I

PART A

*Answer any **ten** questions.*

Each question carries 2 marks.

1. What do you mean by gain from business ?
2. What is capital expenditure ?
3. What do mean by net annual value of house property ?
4. What is Gratuity ?
5. Give two disallowed expenditure for business ?
6. What is unrealized rent ?
7. What is Depreciation ?
8. What is accrued income ?
9. What do you mean by fully exempt allowances ?
10. Which body looks after the administration of direct tax in India ?
11. Identify the previous year and assessment year for XYZ Ltd which was incorporated on 1/12/19.
12. Whether company is a 'person' in Income Tax ?

(10 × 2 = 20)

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PART B

Answer any **six** questions.
Each question carries 5 marks.

13. What are the tax treatment for rent free house in salary income ?
14. What is average rate of tax ?
15. What are Block of Assets ?
16. What are the features of tax ?
17. Mr. Gun retired on 31.03.21. At the time of retirement his basic salary was Rs. 20,000 per month, D.A. at the rate of 50% and medical allowance Rs. 200 per month. His monthly pension was fixed at Rs. 8,500. Compute the gross income from salary for the year 2020-21.
18. Find out the gross annual value in case of the following property let out throughout the previous year for the Assessment Year 2021-22 :

| | Rs. |
|---|--------------|
| Municipal annual value | ... 90,000 |
| Fair rent | ... 3,00,000 |
| Standard rent under the Rent Control Act | ... 50,000 |
| Actual rent receivable p.a. | ... 1,20,000 |
| Unrealised rent of the P.Y. 2020-21 (in terms of months). | |

19. Mr. Son, a British national, joined XYZ Co. Ltd. as an engineer in India on 1st May, 2010. On 31st December, 2011, he went to Sri Lanka on deputation. On 1st April, 2016, he came back to India and left for Sri Lanka again on 31st May, 2016. He returned to India and joined his original post on 30th June, 2020. Determine his residential status for the A.Y. 2021-22.
20. The net profit of business of Mr. Cavin as disclosed by its P and L account was Rs. 3,25,000 after charging the following :

| | Rs. |
|---|------------|
| Municipal taxes on house property let out | ... 3,000 |
| Bad debt written off | ... 15,000 |
| Provision for bad and doubtful debts | ... 16,000 |
| Provision for taxation | ... 15,000 |
| Depreciation | ... 25,000 |
| Depreciation allowance as per rule is | ... 20,000 |

Compute taxable business profit.





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21. X, a resident of Kerala, receives Rs. 48,000 as basic salary during the previous year 2020-21. In addition, he gets Rs. 4,800 as dearness allowance forming part of basic salary, 7% commission on sales made by him (sale made by X during the relevant previous year is Rs. 86,000) and Rs. 6,000 as house rent allowance. He, however, pays Rs. 5,800 as house rent. Determine the quantum of exempted house rent allowance.

(6 × 5 = 30)

PART C

Answer any two questions.

Each question carries 15 marks.

22. The Following are the particulars of income of Mr.Reghu (an employee of an Individual) for the previous year ended on 31st March 2020 :

- (i) Salary—Rs.7,500 p.m.
- (ii) Bonus equal to two months pay.
- (iii) Dog allowance—Rs. 750 p.m.
- (iv) Special Allowance—Rs. 6,000 p.m.
- (v) Employee's contribution to a recognized provident fund @ 15% of salary.
- (vi) Employer's contribution to the fund @ 15% of the salary.
- (vii) Interest credited to the provident fund @ 9.5% p.a. is Rs. 5,800.
- (viii) He is provided with free lunch in office. The cost per meals Rs. 30.
- (ix) The employer has given him the use of small car which he uses for personal and official purpose. He meets the expenses for personal purpose from out of his pocket.

Compute the income of Mr.Reghu from salaries for the A.Y. 2020-2021.

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23. Mr. Short is the owner following house Property particulars in respect of which for the year ended 31/03/2021 :

| <i>Particulars</i> | House A | House B | House C |
|---------------------------------|---------|---------|-----------------------|
| Actual Rent | 12,000 | 2,000 | Twilling of the House |
| Standard rent | 8,000 | 2,400 | Nil |
| Municipal Tax | 900 | 200 | 3,800 |
| Municipal Value | 9,000 | 2,000 | 40,000 |
| Municipal Tax paid by Mr. Short | 900 | 100 | Nil |
| Municipal Tax paid by Tenant | Nil | 100 | Nil |
| Repairs | 600 | 2,000 | 3,000 |
| Vacancy period | 1 month | Nil | Nil |
| Interest on loan on repairs | 600 | 900 | 16,000 |

House A Unrealized rent allowed in assessment year 2017-18 received during the year for the House in Rs. 5,000.

24. The Profit and Loss account of M/S Davin for the financial year 2020-21 is produced :

Profit and Loss account for the year ended 31.03.21

| <i>Particulars</i> | Amount | <i>Particulars</i> | Amount |
|-------------------------------|--------|------------------------------|----------|
| | (Rs.) | | (Rs.) |
| Salaries | 14,800 | Gross profit | 1,25,000 |
| General expenses | 12,550 | Miscellaneous receipts | 2,000 |
| Bad debts reserve | 3,000 | Commission earned | 4,000 |
| Income tax | 1,500 | Interest on Govt. securities | 3,000 |
| Gifts and presents | 2,000 | Dividend from Indian company | 10,000 |
| Life insurance premium | 1,300 | | |
| Fire insurance premium (shop) | 1,000 | | |
| Commission paid | 15,000 | | |
| Audit fee | 2,750 | | |





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| <i>Particulars</i> | Amount (Rs.) | <i>Particulars</i> | Amount (Rs.) |
|---------------------|-----------------|--------------------|-----------------|
| Interest on capital | 4,500 | | |
| Discounts allowed | 6,000 | | |
| Trade expenses | 24,500 | | |
| Net profit | 55,100 | | |
| Total | 1,44,000 | Total | 1,44,000 |

Ascertain the taxable income after considering the following :

- 1 Depreciation allowance eligible to business is Rs. 6,500.
- 2 General expenses include Rs. 4,000 being the cost of a table used for domestic use.
- 3 Commission is paid in cash.

25. Explain the relationship between residential status and incidence of tax.

(2 × 15 = 30)

