

**VIVEKANANDHA COLLEGE FOR WOMEN
DEPARTMENT OF COMMERCE (CA)
INCOME TAX LAW AND PRACTICE-I
III B.COM (CA) – V SEMESTER**

Time:3 Hrs

Max. Marks:75

SECTION - A

(ANSWER ALL QUESTIONS) (10X2=20)

1. What is tax?
2. What is assessment year?
3. What is meant by residential status?
4. Define salaries.
5. What are the items to consider for calculating salary for rent free accommodation?
6. What is the exemption limit for gratuity?
7. Define 'Annual Value'
8. What are the deductions u/s 16?
9. What are the deductions u/s 24?
10. How to calculate exemption for EA?

SECTION –B

(ANSWER ALL QUESTIONS) (5X5=25)

11. **a)** Who is an assessee? Who are the various types of assessee? **OR**
b) How to identify the residential status of an individual and company?
12. **a)** Mr. A a foreign citizen leaves India for the first time on 20.12.2010. During the calendar year 2011 he came to India on 1.10.2011 for period of 30 days. In the calendar year 2012 he was in Africa and came to India only on 18.01.2013. Identify his residential status for the previous year.
OR
b) Explain in detail about which incomes are taxable for ordinary resident, not ordinary resident and non-resident.
13. **a)** Mr. Ram retired on 15 July 2012 after rendering 32 years of service. He is not covered by payment of Gratuity Act 1972. He received Rs. 45,000 as gratuity. Calculate exempted gratuity with the following details.
Monthly salary from Jan. 2012 Rs.2,400
Monthly salary during 2011 Rs.2,200
Monthly DA entering service benefits Rs.600. **OR**
b) Mr. Kumar is employed in ABC Ltd., Bangalore. He gets the following emoluments.
Basic salary Rs.12,500pm
DA(FP) Rs.6,000pm
Bonus Rs.5,000
Fees Rs.1,000
2% commission on turnover achieved (Rs.1,50,000)
HRA Rs.7,250pm (rent paid Rs.6,400pm)
EA Rs.4,000pm
Calculate Gross Salary.

14. a) Calculate the ARV from the particulars given below:

Actual rent Rs.6,000 pm
MRV Rs.60,000 p.a.
FRV Rs.66,000 p.a.
Standard Rent Rs.69,000 p.a.

During the previous year 2012-13 assessee could not realize rent for two months.

OR

b) Calculate income from house property from the following.

MV 6,000pm
FRV 7,000pm
SR 6,250pm
Actual rent 7,500pm

The house has been let out from 1st Jan. of 2002. In the year 2007 and 2008 it was self-occupied. Again from 1st April 2008 let out. During the current previous year 2012-13 half month rent could not be realized.

15. a) Explain the various incomes that are taxable under the head income from business.

OR

b) Explain the various incomes that are taxable under the head income from Profession.

SECTION –C

(ANSWER ANY 3 QUESTIONS)

(3X10=30)

16. What is income? Explain its features.

17. The following are the incomes of Shri.Kiran for the previous year 2012-13.

- i) Profit from business in Delhi Rs.7,000
- ii) Income accrued in India but received in India Rs.6,000
- iii) Profit from business in England received in India Rs.5,000
- iv) Income from house property in Africa received in India Rs.4,000
- v) Profit from business established in Iran and deposited in bank there, the business being controlled from India Rs.3,000
- vi) Income from house property in Pakistan and deposited in bank there. Rs.2,000

Compute the total income of Shri. Kiran for the assessment year 2013-14 if he is

a)OR b) NOR c) NR.

18. From the following particulars calculate salary income of Mr. Ajay working in United Ltd., in Andhra.

Basic Salary 6,250 pm
DA 3,000pm
CCA 600pm
Bonus 6,000
HRA 4,150 pm (Rent Paid Rs.3,250 pm)
Academic research allowance 700 pm (actual amount spent Rs.400 pm)
Conveyance allowance 350 pm
Education allowance 150 pm per child for 3 children
Transport allowance 900 pm
(actual amount spent Rs.900 pm)

He is provided with a motor car of 1600 CC Maruti DX along with a chauffer expenses met by employee. The employer pays Rs.2000 towards income tax. Employer and the employee contribute 13.75% towards RPF. Interest at 12% is credited for Rs.12,000.

19. Mr. Siva owns a house, which consist of two equal independent units. One is let ot and the other unit is self occupied. The let out portion is also self occupied for two months.

The other particulars are as follows.

FRV Rs.24,000

MRV Rs.12,500

Actual rent for the let out portion

Rs.1,000 pm

Local tax Rs.2,500

Ground rent Rs.300

Interest on loan for construction Rs.2,500

Determine Income from house property.

20. From the following P&L A/c calculate income from business.

Particulars	Rs.	Particulars	Rs.
To rent	6,000	By gross profit	45,000
To salary	8,000	By business income	55,000
To donation	4,000	By income from lottery	30,000
To depreciation	7,000		
To income tax	3,000		
To patents (acquired before 1.4.98)	28,000		
To net profit	74,000		
	1,30,000		1,30,000

- i) Depreciation to be allowed Rs.5,000
 ii) An expenditure of Rs.2,000 approved by the I.T. authority is not shown in P&L A/c.