

**BACHELOR OF COMMERCE [HONS]
THIRD SEMESTER
INCOME TAX LAW AND PRACTICES
BCM – 302**

**SET
B**

[USE OMR SHEET FOR OBJECTIVE PART]

Duration: 3 hrs.

Full Marks: 70

Time: 30 mins.

(Objective)

Marks: 20

Choose the correct answer from the following:

1 × 20 = 20

1. A return of income when notified as defective, has to be rectified within:-
 - a. 30 days
 - b. The financial year
 - c. 15 days
 - d. 60 days
2. How many Alpha Numeric characters are there in PAN Card?
 - a. 7
 - b. 8
 - c. 13
 - d. 10
3. Which ITNS (Income Tax New Series) Challan is used by Indian Taxpayers to deposit the tax collected at source?
 - a. ITNS 284
 - b. ITNS 283
 - c. ITNS 282
 - d. ITNS 281
4. Exception under section 54 is available to
 - a. All assesses
 - b. Individual only
 - c. Individual as well as HUF
 - d. HUF only
5. Adoption of the presumptive taxation scheme of Sec 44ADA by a person is liable to pay:-
 - a. Sales Tax
 - b. Corporate Tax
 - c. Advance Tax
 - d. None of the above
6. Entertainment allowance to government employees is exempted, which is least of 20% of basic salary or actual allowance or _____
 - a. Rs. 1000
 - b. Rs. 2000
 - c. Rs. 5000
 - d. Rs. 20,000
7. The daily allowance received by a member of Parliament is
 - a. Taxable
 - b. Exempted
 - c. Included in total income for rate purposes
 - d. Not included in total income for rate purposes
8. Municipal Tax is allowed as a deduction if it is paid by the _____ of the property.
 - a. Owner
 - b. Tenant
 - c. Both a and b
 - d. None of the above
9. Standard deduction under section 16(ia) has been introduced from the assessment year _____
 - a. 2018-19
 - b. 2019-20
 - c. 2020-21
 - d. 2021-22

10. Standard Rent is fixed under:
- Income Tax Act, 1961
 - Payment of Gratuity Act, 1972
 - Rent Control Act, 1948
 - None of the above
11. How can you identify the type of PAN Card holder from looking at the alpha numerical sequence?
- By the 1st Character
 - By the 7th Character
 - By the 4th Character
 - By the 2nd Character
12. In case of an individual Assessee, the return of income must be signed and verified by the following, except:-
- Spouse/ Partner
 - Individual himself
 - Authorised person in case of absentee individual
 - Guardian or other competent person in case of insanity
13. The amount of Dividend received from Corporate Society is
- Partly Taxable
 - Exempted
 - Taxable
 - All of the above
14. Capital Assets excludes all assets except:-
- Stock in Trade
 - Personal Property
 - Jewellery
 - Rural Agricultural Land
15. Business has been defined under section :-
- 2(14)
 - 2 (13)
 - 2(10)
 - None of the above
16. Interest received by an employee on his own contribution to unrecognized provident fund is taxable under the head _____
- Income from other sources
 - Business or Profession
 - Salary
 - House Property
17. Which of the following is not included in salary income?
- Commuted Pension
 - Un-Commuted Pension
 - Family Pension
 - Leave encashment
18. Which of the following incomes from house property is not exempted for tax?
- Agricultural House Property
 - House used for business or profession
 - House held as stock in trade
 - House let out for commercial purpose.
19. Rate of Statutory deduction in case of income from House Property is
- 10%
 - 20%
 - 30%
 - 90%
20. Income Tax is a _____ tax.
- Professional
 - Direct
 - Indirect
 - Service

(Descriptive)

Time : 2 Hr. 30 Mins.

Marks : 50

[Answer question no.1 & any four (4) from the rest]

1. Define Income tax. Write down the names of the major heads of income. What are its advantages? 2.5+2.5+5=10

2. a) Mr. Y is the owner of a residential house which he had acquired on 20th October, 2007 for Rs. 4, 50,000. He purchased another residential house for Rs. 8, 90,000 on 28th January, 2019. He sold the first house on 12th January, 2020 for Rs. 15,80,000 (SDV Rs. 16, 00,000) through a broker who charged a commission of 3%. Compute the taxable amount of capital gains, if any, for the assessment year, 2020-21. 5+5=10
[Note: CII for 2007-08: 129 and for 2019-20: 289]
b) Mr. Z purchased 1, 500 shares of the face value of Rs. 10 each on 12.5. 2017 at Rs. 9 per share and paid Rs. 1200 as brokerage and other expenses. He sold these shares on 20.3.2020 @ Rs. 16 per share and incurred Rs. 18, 00 as brokerage and other expenses. FMV of these shares on 31.1.2018 was Rs. 11 each. Compute his income from capital gain for the assessment year 2020-21

3. a) Define Income from House Property. State the essential conditions to be fulfilled under the head Income from House Property. 2+3+5=10
b) Mr. B Lahiri of Lumding is the owner of a house property in Guwahati. The house is let out at a rent of Rs. 12,000 p.m. Its Municipal valuation is Rs. 1,00,000 p.a. and Standard rent is Rs. 1, 10, 000 p.a. The Fair rent of the house is Rs. 1, 12,000. House rent for two months is outstanding and there is no chance of its recovery as per rules. Municipal tax paid Rs. 7,200. Compute the Net Annual Value for the Assessment Year 2022-23.

4. a) What do you understand by the term Gratuity? Discuss the amount of exemption in respect of Gratuity. 2+3+5=10
b) From the following information furnished by Mr. X, who had retired from service has received Rs. 16, 50, 000/- as gratuity from his employer (covered under the Payment of Gratuity Act). Ascertain the taxable amount of received from the employer. Other relevant particulars are:
 - I. Date of retirement 30.03.2020
 - II. Basic pay as on 01.03.2020 (being date of retirement) Rs. 89,000
 - III. Dearness Allowance Rs. 15,000 p.m.
 - IV. Period of employment 25 Years 4 months

5. a) State the differences between Business and Profession. 5+5=10
 b) The following is the P/L Account of Mr. A. Jhunjhunwala for the year ending 31st March, 2022:

Profit and Loss Account

Particulars	Amt. Rs	Particulars	Amt. Rs.
To Staff Salary	94,000	By Gross Profit	5,75,900
To Advertisement	12,600	By Commission	4,400
To Bad Debts written off	3,400	By Rent of Building	24,000
To Fire Insurance Premium (House - Property)	2,100	By Sundry Receipts	1,200
To General Expenses	23,400	By Profit on Sale of Investment	9,000
To Expenses on the occasion of Diwali	6,900		
To Interest on Capital	8,000		
To Interest on Bank Loan paid	7,800		
To Repairs and maintenance	11,700		
To Depreciation	24,000		
To Net Profit	4,20,600		
Total	6,14,500	Total	6,14,500

Compute the taxable profits from business. The amount of depreciation allowable as per Income Tax Rules is Rs. 21,000.

6. Write short notes on (*any two*): 5+5= 10
 a) Set off of Losses
 b) Carry Forward of Losses
 c) Perquisites
 Five deduction u/s 80C
7. a) What is Digital Signature Certificate? Who are the digital signatures Certificate issuing Authorities? 2+3+5=10
 b) What do you understand by the term Book Profit? Write down the points that are to be kept in mind while calculating 'Book Profit' of a firm.
8. Discuss the procedure for E- filling of ITR. 10

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