

**BACHELOR OF COMMERCE
THIRD SEMESTER [SPECIAL REPEAT]
INCOME TAX LAW & PRACTICES
BCM – 302**

**SET
A**

[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. Income Tax Act 1961 came into force on :
 - a. 1st April 1960
 - b. 31st March 1972
 - c. 1st April 1962
 - d. 26th January 1950
2. Income earned from Agriculture is exempted income under :-
 - a. Section 10(1)
 - b. Section 10(2)
 - c. Section 10(2A)
 - d. Section 10(4)(i)
3. An individual stays in India for immediately 4 preceding year is 365 days or more than 72 days but did not stayed in India for 182 days during the previous year. What will be his residential status?
 - a. He is resident
 - b. He is not resident
 - c. He is ROR
 - d. He is RNOR
4. Who has the Statutory power to issue notification under Income Tax Act.
 - a. Finance Department of the State.
 - b. Ministry of Financial Affairs
 - c. Central Board of Direct Taxes
 - d. None of the above
5. Mr. X transfers income of Rs. 51,000 from rent to his major son without transfer of house property. Rent of Rs. 51,000 is _____
 - a. Taxable in the hands of transferor father
 - b. Taxable in the hands of his son
 - c. Taxable in the hands of that parent, whose total income is higher
 - d. Exempted from Tax
6. Education allowance is exempted for a maximum of :-
 - a. One child
 - b. Two children
 - c. Three children
 - d. Four children
7. Dearness allowance is taxable in the hands of
 - a. Government Employees
 - b. Non-Government Employees
 - c. All employees
 - d. None of these
8. Salary paid by an employer out of capital will be:
 - a. A revenue receipt in the hands of employee
 - b. A capital receipt in the hands of employee
 - c. A Casual receipt
 - d. None of the above

9. Income from other sources is a _____ head of income
 - a. varies
 - b. residuary
 - c. business or profession
 - d. Capital gains
10. Which of the following components of salary is fully taxable:-
 - a. Overtime payment
 - b. Bonus
 - c. Dearness Allowance
 - d. All the above
11. Which of the following allowances are fully exempted?
 - a. Allowance to member of UPSC
 - b. Allowance to teacher or professor from SAARC member states.
 - c. House Rent Allowance to judges
 - d. All of the above
12. The presumptive taxation scheme cannot be adopted by a person who has made any claim towards deduction under section:-
 - a. 10A
 - b. 10AA
 - c. 10B, 10BA
 - d. All the above
13. What does Section 44AD provides
 - a. Computing business profit
 - b. Presumptive taxation scheme
 - c. Business income
 - d. Resident Individual
14. Identify the indirect tax from the given options.
 - a. GST, Corporate tax
 - b. Custom Duty, Corporate Tax
 - c. Income Tax, GST
 - d. GST, Custom Duty
15. Which among the following is a Progressive Tax?
 - a. Custom Duty
 - b. Development Surcharge
 - c. Sales Tax
 - d. Income Tax
16. Sugam is also known as :
 - a. ITR-1
 - b. ITR-2
 - c. ITR- 4
 - d. ITR-6
17. Which form is used to file an application for obtaining PAN by an Indian resident?
 - a. Form 49B
 - b. Form 49A
 - c. Form 49
 - d. Form 49AA
18. In PAN Card , if the fourth letter is P, then it denotes:-
 - a. Company
 - b. Firm
 - c. Trust
 - d. Individual
19. A return of income when notified as defective, has to be rectified within
 - a. 30 days
 - b. 60 days
 - c. 15 days
 - d. The financial year
20. How much is the penalty applicable if the return is filed after the due date sent before?
 - a. Rs. 8000
 - b. Rs. 10,000
 - c. Rs. 5,000
 - d. Rs. 6,000

(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%. 5+5=10
Compute the taxable amount of capital gains, if any, for the assessment year, 2020-21.
[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:
- 1) Date of retirement 30.03.2020
 - 2) Basic pay as on 01.03.2020 (being date of retirement) Rs. 89,000
 - 3) Dearness Allowance Rs. 15,000 p.m.
 - 4) 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
 d) Five deduction u/s 80C
7. a) What is Digital Signature Certificate? Who are the digital signatures Certificate issuing Authorities? 2+3+2+3=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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