(Pages : 4) **C – 1481**

Reg. No. : .....

Name : .....

Sixth Semester B.Com. Degree Examination, April 2017
First Degree Programme Under CBCSS
Stream 1 : Finance
Elective Course IV : CO 1661.1
INCOME TAX LAW AND ACCOUNTS
(2014 Adm.)

Time : 3 Hours Max. Marks : 80

SECTION – A

Answer **all** questions in **one** or **two** sentences. **Each** question carries **1** mark.

1. Define the term 'income'.
2. What do you mean by Maximum Marginal Rate ?
3. What is a Financial Year ?
4. What is a closely held company ?
5. What is revised return ?
6. Explain Ex-parte Assessment.
7. Write the 'site addresses for e-filing' ?
8. What will be the cost of acquisition of a bonus share received after 1st April 1981 ?
9. What will be the Previous Year of a business started on 1st January 2016 ?
10. What do you mean by a domestic company ? **(10×1=10 Marks)**

SECTION – B

Answer **any eight** questions in **one** paragraph. **Each** question carries **2** marks.

11. What do you mean by advance tax ?
12. What will be the cost of acquisition of self generated goodwill of a business ?
13. What do you mean by 'long term capital gain' ?

P.T.O.

All Saints' College Trivandrum

14. Name any four deduction u/s 80 that a company can claim on computing taxable income.
15. What do you mean by 'Relief of tax' ?
16. Explain the order of set off of 'Unabsorbed business loss' and 'Unabsorbed deprecation'.
17. What is bareboat charter cum demise ?
18. Briefly explain the incidence of tax in the case of a Non Resident.
19. Under which head, rent received from sub-letting is put to tax ?
20. Define the term 'Partnership'.
21. What will be the tax rate for an 'AOP' if 'members' are liable to tax ?
22. The book profits of a company in the previous year 2015-16 computed in accordance with Sec. 115JB of the Income Tax Act is Rs. 8,00,000. Its total income under the Income Tax Act for the same period is computed at Rs. 2,00,000. Is the company liable to pay Minimum Alternative Tax ? If yes how much has to be paid ? **(8×2=16 Mark**

SECTION – C

Answer **any six** questions from the following. **Each** question carries **4** marks.

23. Briefly mention the general powers of Income Tax Authorities.
24. Explain the tax treatment of Agricultural Income.
25. Explain Bond Washing Transactions.
26. What is 'PAN' ? Name any four situations where 'PAN' is compulsory.
27. Briefly explain the procedure for assessment of a company.
28. Mr. Sathya has the following income for the previous year ended 31st March 2016:
    i) Business profits Rs. 5,50,000
    ii) Short term capital gains Rs. 12,000
    iii) Long term capital gains relating to Land and Buildings Rs. 18,000
    iv) Long term capital gain relating to other capital assets Rs. 10,000
    v) Compensation for loss of agency Rs. 1,24,000
    vi) Long term capital loss on sale of an asset Rs. 16,000

    Compute the total income of Mr. Sathya for Assessment Year 2016-17.

All Saints' College Trivandrum

29. During the previous year 2015-16 :
    i) Business Income of Mr. Suresh (70 years) is Rs. 13,20,000
    ii) He deposited Rs. 70,000 in PPF.
    iii) Purchased NSC VIII issue for Rs. 50,000
    iv) Paid interest on loan taken for the higher education of his grandson Rs. 1,20,000
    v) He spent Rs. 40,000 on medical treatment of disabled dependent.

    Compute his total income for the Assessment Year 2016-17.

30. Mr. P owns a residential house at Agra which he acquired in May 1989 for Rs. 3,00,000. He sells the house for Rs. 30,00,000 on August 18, 2015. He purchases a residential house at Kanpur on February 14, 2016 for Rs. 10,00,000. Find out the amount of capital gains chargeable to tax for assessment year 2016-17. Besides the above house property he owns a premises used for his business since 1968. The cost inflation in 1989-90 and 2015-16 is 172 and 1081.

31. Mr. X is carrying on cloth business at Patna which yields him a taxable profit Rs. 70,000/- during the accounting year ended 31st March 2016. He was also engaged in smuggling business on the Indo-Nepalese border, from which he earned an income of Rs. 1,25,000/- out of which he claimed the following deductions in connection with the smuggling business.
    i) Rs. 13,000 paid as tips to the border police in order to carry on this business without restriction.
    ii) Goods worth Rs. 16,000/- seized by Customs Authorities.
    iii) Penalty of Rs. 1,000 paid to customs Authorities.

    Compute his business income for the relevant Assessment Year. **(6×4=24 Marks)**

All Saints' College Trivandrum

SECTION – D

Answer **any two** questions from the following. **Each** question carries **15** marks.

32. Explain filing of Return, Assessment and methods of Assessment in use.

33. Mr. Anil furnishes the following particulars of his incomes for the previous year 2015-16. Compute his Gross Total Income :

Dividend on equity shares	600
Dividend on preference shares (Gross)	3,200
Income from letting on hire of building and machinery under one composite lease	27,000

Interest on bank deposits	2,500
Director's sitting fees received	1,200
Ground rent	600
Income from undisclosed sources	10,000
Winnings from Lotteries (Net) received	14,000
The following deductions are claimed by him :	
a) Collection charges of dividend	20
b) Allowable depreciation on building and machinery	4,000
c) Fire insurance on building and machinery	100

34. A, B and C are partners in a firm, sharing profits and losses in the proportion of 2/5th, 2/5th and 1/5th respectively. The Profit and Loss Account for the year ended 31st March 2016 is as follows :

To Sundry trade expenses		1,01,800	By Gross Profit B/d	4,90,000
To Interest on capital @ 15% :			By Interest on Securities	10,000
A	15,000			
B	15,000			
C	15,000	45,000		
To Rent to B		30,000		
To Salary to B		72,000		
To Commission to C		36,000		
To Net profit		2,15,200		
Total		**5,00,000**	**Total**	**5,00,000**

Compute :

1) The total income of the firm. The firm fulfills the conditions of Section 184.
2) Taxable income of the three partners in the firm. B and C are working partners.

35. For the Assessment Year 2016-17 the Gross Total Income of Mr. Chaturvedi was Rs. 6,68,240 which includes Long Term Capital gain of Rs. 4,45,000 and Short Term Capital gain of Rs. 8,000. The Gross total income also includes interest income from term deposits in banks of Rs. 12,000. Mr. Chaturvedi has invested in PPF Rs. 60,000 and also paid a Medical Insurance Premium of Rs. 11,000 by cheque. Mr Chaturvedi also contributed Rs. 25,000 by cheque to Public Charitable Trust eligible for deduction u/s 80G. Compute the total income and tax liability of Mr. Chaturvedi, who is 70 years old as on 31-03-2016.

(2×15=30 Marks)

All Saints' College Trivandrum