

Third Semester B.Com. Degree Examination, March 2021

Career Related First Degree Programme under CBCSS

Group 2 (a) – Commerce and Tax Procedure and Practice

Vocational Course III

CX 1371 : INCOME TAX LAW AND PRACTICE II

(2019 Admission Regular)

Time : 3 Hours

Max. M

SECTION – A

Answer **all** questions. **Each** question carries **1** mark.

1. What is cost of inflation index?
2. What is meant by block of assets?
3. What are deemed incomes?
4. What is total income?
5. How to set-off loss from speculation business?
6. What is a benami transaction?
7. Who can claim deduction u/s 80D?
8. What is gift for income tax purpose?

9. What is inter head set-off?
10. What are bonus shares?

(10 × 1 = 10 Marks)

SECTION – B

Answer any **eight** questions. **Each** question carries **2** mark.

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11. Discuss the chargeability of capital gains under the Income Tax Act.
12. Describe long term capital assets.
13. Discuss the capital gain arising on the sale of bonus shares.
14. Explain the clubbing provisions of the income of a minor child.
15. State any three losses which can be carried forward for eight succeeding years.
16. State any four deductions that are expressly allowed in computing "profits from business".
17. Explain the set off and carry forward of Short term capital loss.
18. Explain indexed cost of improvement.
19. State any two donations for which 50% with limit deduction is available.
20. Explain deduction u/s 80 GGB.
21. Describe Capital Gain Account Scheme.
22. What are the deductions from dividend income?
23. Specify how to compute Long Term Capital Gain?
24. Explain grossing up of income in case of interest income.

25. Explain deduction u/s 80 CCC.
26. Explain exemption from capital gain u/s 54EE.

(8 × 2 = 16 Marks)

SECTION – C

Answer any **six** questions. **Each** question carries **4** marks.

27. State the rules regarding the claim of deduction for depreciation.
28. Rahul bought gold for Rs. 2,50,000 in 2017 and paid a commission of Rs. 5,000 and sold it for Rs. 2,75,000 in 2018. Compute short term capital gain.
29. Distinguish between long term and short term capital gains.
30. Nelson donated the following amounts during the previous year 2018-19. His Gross Total Income during the previous year is calculated at Rs. 4,20,000 including a longterm capital gain of Rs. 20,000.
- (a) To an approved charitable trust Rs. 45,000
 - (b) To National Children's Fund Rs. 40,000
 - (c) To National Defence Fund Rs. 30,000
 - (d) To Kerala Government for promotion of family planning Rs. 26,000

Compute the amount deductible u/s 80 G.

31. Describe different type of securities.
32. Discuss the taxation of deemed incomes.
33. Explain deduction u/s 80 DD.

34. Discuss the deductions which are allowable only on actual payment.

35. The income of a family is as under:

- (a) Mr. Arun from business Rs. 3,00,000
- (b) Mrs. Arun from employment Rs. 2,00,000
- (c) Minor son of Arun Rs. 10,000
- (d) Minor daughter of Arun Rs. 6,000

Compute income of Mr. Arun.

36. Hari gives you the following particulars. Compute his income from other sources.

- (a) Gifts received from a friend Rs. 40,000
- (b) Gifts received from brother Rs. 1,00,000
- (c) Received from horse race Rs. 56,000
- (d) Winnings from state lottery Rs. 3,00,000
- (e) Gifts received from a friend at the time of marriage Rs. 1,50,000
- (f) Gifts received from NRI friend Rs. 20,000

37. Discuss the provisions of exemption from capital gain u/s 54 D.

38. Discuss the rules regarding assessment of business income or profession.

(6 × 4 = 24 Marks)

SECTION – D

Answer any **two** questions. **Each** question carries **15** marks.

39. The books of ABC Ltd disclosed the following details:

- (a) WDV of plant and machinery on 1-4-2018 - Rs. 1,00,000
- (b) Cost of new machinery purchased for production of articles on 1-1-2019 and put to use Rs. 60,000
- (c) WDV of machinery sold on 1-2-2019 Rs. 30,000
- (d) Amount received on machinery sold on 1-2-2019 Rs. 40,000

Calculate chargeable depreciation on plant and machinery for the AY 2019-20.

40. From the following information, compute income from other sources for the AY 2019-20:

- (a) Agricultural income from Srilanka Rs. 20,000
- (b) Interest on post office savings bank account Rs. 1,000
- (c) Interest on fixed deposit of Bank of India Rs. 9,000
- (d) Rent from sub-letting Rs. 4,000 and rent paid on it Rs. 3,000
- (e) Dividends from a foreign company Rs. 15,000
- (f) Winning from horse race Rs. 56,000

41. Explain the incomes which are chargeable under the head "Income from other sources".

42. Briefly explain the exemptions available for capital gains.

43. Briefly explain the deduction u/s 80.

44. Ramesh made the following donations during the previous year:

- (a) To National Illness fund Rs. 10,000
- (b) To Jawaharlal Nehru University Rs. 30,000
- (c) To Prime Minister's Drought Relief fund Rs. 40,000
- (d) To Rajiv Gandhi Foundation Rs. 30,000
- (e) To Government for family planning Rs. 20,000
- (f) To a registered Charitable trust Rs. 30,000
- (g) To a notified Church for repairs Rs. 15,000

Compute the amount deductible u/s 80 G. His Gross Total Income (including a long term capital gain of Rs. 50,000) is Rs. 6,30,000.

(2 × 15 = 30 Marks)