

**Write the following information in the first page of Answer Script before starting answer**

ODD SEMESTER EXAMINATION: 2020-21

Exam ID Number \_\_\_\_\_

Course \_\_\_\_\_ Semester \_\_\_\_\_

Paper Code \_\_\_\_\_ Paper Title \_\_\_\_\_

Type of Exam: \_\_\_\_\_ (Regular/Back/Improvement)

**Important Instruction for students:**

1. Student should write objective and descriptive answer on plain white paper.
2. Give page number in each page starting from 1<sup>st</sup> page.
3. After completion of examination, Scan all pages, convert into a single PDF, rename the file with Class Roll No. **(2019MBA15)** and upload to the Google classroom as attachment.
4. Exam timing from 10am - 1pm (for morning shift).
5. Question Paper will be uploaded before 10 mins from the schedule time.
6. Additional 20 mins time will be given for scanning and uploading the single PDF file.
7. Student will be marked as ABSENT if failed to upload the PDF answer script due to any reason

**BACHELOR OF COMMERCE**  
**THIRD SEMESTER (REPEAT)**  
**INCOME TAX LAW AND PRACTICES**  
**BCM-302**

**Duration : 3 hrs.**

**Full Marks: 70**

**Time : 20 min.**

**( PART-A: Objective )**

**Marks : 20**

*Choose the correct answer from the following:*

**1X20=20**

1. A company would be resident in India for the Previous year 2019-2020 if \_\_\_\_
  - a. It is an Indian Company
  - b. During the year, the majority of the directors are residents in India.
  - c. During the year, Its place of effective management in India
  - d. Both (a) and (c)
  
2. Income which accrues or arise in London and receive in London is taxable in India in the case of \_\_\_\_
  - a. Resident and ordinarily resident only
  - b. Both Resident and ordinarily resident and resident but not ordinarily resident
  - c. Non-resident
  - d. All of the above
  
3. Dividend Income from Australian Company received in Australia in the year 2018, brought to India during the previous year 2019-20 is taxable in case of ----
  - a. Resident and ordinary resident only
  - b. Resident but not ordinarily resident
  - c. Non-resident
  - d. None of the above
  
4. The rates of Income-tax are mentioned in :
  - a. An ordinance
  - b. Notification of CBDT
  - c. The Finance Act
  - d. Income Tax Rules, 1962
  
5. Kiran is provided with a rent-free unfurnished accommodation, which is owned by his employer, AB Pvt Ltd. in New Delhi. The value of perquisite in the hands of Kiran is \_\_\_\_
  - a. 20% of Salary
  - b. 15% of Salary
  - c. 10% of Salary
  - d. 7.5% of salary
  
6. Municipal taxes to be deducted from GAV (Gross Annual Value) should be \_\_\_\_
  - a. Paid by the tenant during the previous year
  - b. Paid by the owner during the previous year.
  - c. Accrued during the previous year
  - d. Paid during the previous year either by the tenant or owner
  
7. Treatment of unrealised rent for determining income from house property \_\_\_\_
  - a. To be deducted from expected rent
  - b. To be deducted from actual rent
  - c. To be deducted under section 24 from the annual value
  - d. To be deducted from both expected rent and actual rent

8. Which one of the following is fully taxable Allowance?
- |                                  |                               |
|----------------------------------|-------------------------------|
| a. Dearness Allowances           | b. Children Hostel Allowances |
| c. Children Education Allowances | d. House Rent allowances      |
9. Mr. A has received a sum of Rs. 70,000 on 30.10.2019 from his relatives on the occasion of his marriage
- |   |  |
|---|--|
| a. Entire Rs. 70,000 is taxable         | b. Entire Rs. 70,000 is exempted from tax          |
| c. Only Rs. 1,000 is chargeable for tax | d. Only 50%; i.e. Rs. 35,000 is chargeable for tax |
10. What is the time limit for holding a Financial Asset, to be called Short Term Capital Asset?
- |                            |                            |
|----------------------------|----------------------------|
| a. Not more than 6 months  | b. Not more than 24 months |
| c. Not more than 12 months | d. Not more than 36 months |
11. Mr. A received Rs. 30,000 from his uncle on the occasion of his birthday, Which one of the following will correct for him?
- |   |                               |
|---|-------------------------------|
| a. Entire amount of Rs. 30,000 is exempted from tax | b. Rs. 50,000 is taxable      |
| c. Entire amount of Rs. 30,000 is taxable           | d. Only Rs. 15,000 is taxable |
12. Which one of the following is the income from other sources as per the income tax Act 1961?
- |  |   |
|--|---|
| a. Sales of land                           | b. Dividend received                                |
| c. Commission received from the employer's | d. Tuition fees received from Coaching institutions |
13. Deduction U/S 80 C in respect of LIP, contribution to provident fund, etc. is allowed to:
- |                         |   |
|-------------------------|---|
| a. Any Assessee         | b. An individual                                  |
| c. An individual of HUF | d. An individual or HUF who is resident in India. |
14. Mr. R pays rent of Rs. 5,000 per month. His total income is Rs. 3,00,000 (i.e. Gross total income as reduced by deductions under chapter VI-A except for section 80GG.). He is also in receipt of HRA. He would be eligible for deduction under section 80 GG an amount of -
- |               |               |
|---------------|---------------|
| a. Rs. 60,000 | b. Rs. 72,000 |
| c. Rs. 30,000 | d. NIL        |
15. The deduction U/S QQB in respect of Royalty income of Authors of a certain book is subject to a maximum limit of ----
- |                 |                 |
|-----------------|-----------------|
| a. Rs. 1,00,000 | b. Rs. 3,00,000 |
| c. Rs. 5,00,000 | d. Rs. 2,00,000 |

16. The maximum deduction allowable under section 8TTB (interest on saving deposits ) for the assessment year 2020-2021 is:
- a. Rs. 50,000
  - b. Rs. 10,000
  - c. Rs. 20,000
  - d. Rs. 5,000
17. In Income Tax Act, 1961, deduction under sections 80C to 80U cannot exceed
- a. Income from salary
  - b. Income from business
  - c. Income from house property
  - d. Gross total income
18. The highest Administrative Authority for Income Tax in India is.....
- a. Finance Minister
  - b. President of India
  - c. CBDT
  - d. Director of Income-tax
19. The last date of filing of return of income of individual:
- a. 31<sup>st</sup> July of the assessment year
  - b. 30<sup>th</sup> September of the assessment year
  - c. 31<sup>st</sup> March of the assessment year
  - d. 31<sup>st</sup> August of the assessment year
20. The carry forward of losses is permissible if the return of income for the year in which loss incurred is \_\_\_\_\_
- a. Filed in advance
  - b. Filed on time
  - c. Not filed on time
  - d. None of the above

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**( PART-B : Descriptive )**

Time: 2 HRS 40 MINS

Marks : 50

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

1. Mr. Tajuddin, an Indian citizen, earns the following income during the Previous Year 2019-2020

10

Particulars	Amount
(i) Profits from a business in Mumbai managed from France	5,20,000
(ii) Pension for services rendered in Kenya but kept with State Bank in Kenya with the permission of the Reserve Bank of India	1,80,000
(iii) Income from a property in Kuwait received in India	1,85,000
(iv) Profits from business in Nepal and deposited in a bank there	12,000
(v) Profit on sale of machinery in India but received in Italy	1,30,000
vi) Loss from business in India	(3,00,000)
vii) Profit from business in Japan, controlled and managed from India but being received in Japan	20,00,000
viii) Profits from speculation business in India	2,00,000
ix) Dividends remitted in India by an Egyptian company to him under his instruction through the Bank of Patiala	1,80,000
x) Income from law practice in Mauritius and Qatar received there, but the practice was set up in Delhi	6,80,000

Determine his Gross Total Income for the Previous Year 2019-2020 in the following cases: (i) He is Resident and Ordinarily Resident during the Previous Year; (ii) He is Resident but not Ordinarily Resident during the Previous Year; (iii) He is Non-Resident during the Previous Year.

2. Mr. P submits the following information regarding his salary income for the year 2019-2020. 10
- I. Basic Salary Rs. 30,000 p.m.
  - II. Dearness Allowances @ 50% of basic salary
  - III. Project Allowances @ Rs. 1,500 p.m.
  - IV. Children Hostel Allowances @ 1,000 p.m. per child for 3 children
  - V. City Compensatory Allowance Rs. 1,200 p.m.
  - VI. Bonus Rs. 50,000
  - VII. Commission Rs. 40,000
  - VIII. Employers also provide him a Value of unfurnished accommodation (computed) Rs. 50,000. Cost of furniture provided by the employer Rs. 1,00,000. Hire charges of furniture (other than those owned by employer) provided in the accommodation Rs. 500 p.m. Amount recovered from employee Rs. 200 p.m.
  - IX. Professional tax paid by him Rs. 180 p.m.
  - X. Uniform Allowance 800 p.m. (Actual expenditure Rs. 400 p.m. on average).
- Calculate Net income from salary for the assessment year 2020-2021

3. a. What is meant by the Gross Annual Value of house property? 3+7=10

b. Mr. Sagma is the owner of a house in Cherrapunji, Meghalaya. Particulars of the house are as follows:

The municipal value of the house is Rs. 1,60,000 p.a.

Fair rent is Rs. 1,40,000 p.a.

Standard rent under Rent Control Act Rs. Rs. 1,50,000 p.a.

The house property is let out at Rs. 15,000 per month unrealised rent Rs. 15,000.

During the year the owner paid the municipal taxes at 10% of Municipal value. Interest on borrowed capital for the construction of the house is Rs. 45,000 for the year.

Compute Income from House Property of Mr. Sangma for the Assessment Year 2020-21.

4. Write a short note on any two of the following: 5+5=10
- a) Agricultural Income
  - b) Permanent Account Number.
  - c) TDS (Tax Deduct at sources)

5. Mr. K, a resident individual, furnishes the following particulars of his income/expenditure for the Previous Year 2018-2019: 10
- |  |              |
|--|--------------|
| (i) Gross Salary                       | Rs. 3,50,000 |
| (ii) Income from business & Profession | R. 1,85,000  |

- (iii) Annual Rent received from the house property Rs. 1,20,000
- (iv) Share of profit from a Partnership firm Rs. 70,000
- (v) Long-term Capital Gain Rs. 1,00,000

He made the following payments during the previous year 2018-19

- a) Premium paid of Rs. 30,000 by cheque on the medical insurance policy for him and his family.
- b) To deposit Rs. 15,000 with LIC pension fund to get an annuity
- c) Paid interest on education loan of Rs. 30,000 P.a.
- d) He paid rent of Rs. 6,000 Per month
- e) Invested Rs. 35,000 on NSC
- f) Deposited Rs. 60,000 in PPF account in his name.
- g) Paid Rs. 10,000 as a life insurance premium on his own life

6. Define capital gain. Write the procedure of computation of long-term capital gain and short-term capital Gain. 3+7=10

7. What do you mean by return on income? Describe the procedure of filing the income tax return. 3+7=10

8. a) State the meaning of 'Business' and 'Profession' as per the income tax Act 1961. 4+6=10

b) Mr. R as a proprietor is engaged in a manufacturing business furnish the following information :

	Particulars	Amount
1.	Opening Written Down Value (WDV) of Plant & Machinery as on 1.04.2019	50,00,000
2.	New plant & Machinery purchased and put used from 08.06.2019	30,00,000
3.	New Plant & Machinery acquired and put used on 15.12.2019	10,00,000
4.	Computer acquired and installed in office premises on 02.01.2020	5,00,000

Compute the amount of depreciation and additional depreciation as per the Income Tax Act 1961 for the assessment year 2020-21. Assume that all the Assets were purchase by way of account payee cheque.

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