

2019

B.Com.

3rd Semester Examination

**ACCOUNTING & FINANCE
SPECIALISATION (Honours)**

Paper : C 6-T

(Income Tax Law and Practice)

Full Marks : 40

Time : 2 Hours

*The figures in the margin indicate full marks.
Candidates are required to give their answers
in their own words as far as practicable.
Illustrate the answers wherever necessary.*

1. Answer any five questions : 5×2=10

(a) Define the term 'person' as per IT Act.

(b) State whether the following incomes are agricultural income or not —

(i) Income from poultry and dairy.

(ii) Income from sale of forest trees of spontaneous growth.

[Turn Over]

(c) What do you mean by Tax evasion and Tax Planning?

(d) Give two examples of income under the head 'income from house property' which are exempted from tax.

(e) State the conditions of claiming additional depreciation on Machinery u/s 32.

(f) Give the full form of the following terms.—

CBDT, TDS, TAN, ITR

(g) Distinguish between Long term Capital Gain and Short term capital Gain.

(h) Distinguish between Earned Income and Unearned Income.

2. Answer any *four* questions :

4×5=20

(a) What is PAN? State the cases where quoting of PAN is compulsory. 1+4

(b) What is unrealised rent? How is the same treated under the Income Tax Act? 2+3

- (c) Mrs. P. Nag furnishes the following particulars for the year 2018-19 :

| | Land in Urban area | Debentures in a Company |
|---|-----------------------|----------------------------|
| Date of acquisition | July 15,2013 | Aug 21,2014 |
| Date of Sale | May, 5, 2018 | December 11, 2018 |
| Cost of acquisition | Rs. 2,20,000 | Rs. 1,45,000 |
| Sale proceeds (stamp duty value Rs. 19,20,000) | Rs. 18,33,500 | Rs. 7,28,500 |

Compute income from capital gains of Mrs. P. Nag for the relevant assessment year.

- (d) P. Roy, an Assistant Professor of vidyasagar university, submits the following particulars of his income and outgoing for the year 2018-19 :

| | Rs. |
|---|------------|
| Salaries and allowances | 78,840 |
| Remuneration for setting question papers | 1,500 |
| Remuneration for acting as head examiner | 1,200 |

[Turn Over]

| | |
|----------------------------|-------|
| Interest from post office | |
| Savings Bank Account | 1,500 |
| Dividend from shares of an | |
| Indian Company | 5,200 |
| Interest from Bank | 2,700 |

Compute his income chargeable under the head 'Income from other sources' for the relevant assessment year.

- (e) Mr. X makes the following payments / investments during the previous year 2018-19.

LIC premium on own life (sum assured Rs. 1,00,000; policy is taken before 1.4.2012)
- Rs. 25,000.

LIC premium on married daughter's life (Sum assured Rs. 1,50,000; policy is taken on 2.5.2012).

| | <i>Rs.</i> |
|--|------------|
| LIC premium on dependent brother's life (Sum assured Rs. 1,20,000) | 11,200 |
| Investment in NSC | 20,000 |

(5)

Accrued interest on NSC

(including last year's interest Rs. 2,897) 5,036

Tuition fees of 2 children

(Rs. 15,200 + 16,000) 31,200

Calculate the amount of deduction u/s 80C.

- (f) During the previous year 2018-19. Mr. Roy sells the following capital assets :

| Asset | Sale Proceeds Rs. | Cost of acquisition Rs. | Year of acquisition Rs. | Fair market value of on 1.4.01 |
|-----------|----------------------|----------------------------|----------------------------|-----------------------------------|
| Land | 1,66,62,000 | 40,00,000 | 2000 | 45,90,000 |
| Gold | 23,03,800 | 9,10,000 | 2000 | 9,00,000 |
| Debenture | 1,57,000 | 75000 | 2000 | 40,000 |

Assuming that his business income is Rs. 4,46,000, determine his net income for the assessment year 2019-20.

[Turn Over]

3. Answer any *one* question :

1×10=10

- (a) CA Sarkar is a practicing chartered accountant at Kolkata. He deposits all receipts in his bank a/c and pays all expenses by cheques. Following is the analysis of his bank a/c for the year ending 31.3.2019.

| Receipts | Rs. | Payments | Rs. |
|------------------------------------|-----------------|---|-----------------|
| Balance b/d | 14,000 | Salaries to staff | 14,000 |
| Professional receipts | 1,40,000 | Rent of chamber | 5,000 |
| Dividend from Indian Company | 10,000 | Professional expenses | 3000 |
| House rent | 25,000 | Telephone expenses | 2000 |
| Horse race income | 7,500 | Misc. office expenses | 4000 |
| Loan from wife for purchase of car | 1,00,000 | Purchase of a car | 1,15,000 |
| | | Motor car expenses | 10,000 |
| | | Donation to Calcutta University | 10000 |
| | | Household expenses | 50000 |
| | | Municipal tax paid | 5000 |
| | | Fire insurance premium for house property | 2000 |
| | | Repairs for house | 16,500 |
| | | Balance c/d | 60,000 |
| | 1,96,500 | | 1,96,500 |

Compute gross total income of CA Sarkar firm after taking into account the following :

- (i) 1/4 the of the motor car expenses relate to personal use.
 - (ii) Depreciation of the motar car as per IT Rules is Rs. 17,250 till.
 - (iii) He stays in his house, the municipal value of which is Rs. 18,000. Following are the expenses, which have been included in the above account in respect of his house
Municipal Tax Rs. 2,000. Fire insurance premium Rs. 500. 10
- (b) (i) CMA S. Mitra, a Management professional, goes out of India on 3rd June, 2018 for the purpose of joining a company in England. He is an Indian and before that he did not ever visit any foreign country. Determine his residential status for the assessment year 2019-20.

[Turn Over]

- (ii) The total income of Mr. Das for the assessment year 2019-20 is Rs. 2,70,000, which includes the following —

| | <i>Rs.</i> |
|---|------------|
| Long term capital gains | 30,000 |
| Winning from lotteries | 20,000 |
| Short term capital gains covered by section 111A | 10,000 |
| Agricultural income earned by him | 50,000 |
| Compute his taxable income. | 3+7 |
