



## BRAINWARE UNIVERSITY

Course – MCOM

Income Tax Law and Practices (MCM207)

(Semester – 2)

**Time allotted: 3 Hours**

**Full Marks : 70**

[The figure in the margin indicates full marks. Candidates are required to give their answers in their own words as far as practicable.]

### Group –A

(Multiple Choice Type Question)

10 x 1 = 10

1. Choose the correct alternative from the following

(i) Under the Income Tax Act, the incidence of taxation depends on

- |  |                                |
|--|--------------------------------|
| a. The citizenship of the tax payer        | b. The age of the tax payer    |
| c. The residential status of the tax payer | d. The gender of the tax payer |

(ii) Residential Status is determined by

- |                    |                    |
|--------------------|--------------------|
| a. Previous year   | b. Assessment year |
| c. Accounting year | d. Financial year  |

(iii) Income deemed to accrue or arise in India is taxable in case of

- |                  |                                     |
|------------------|-------------------------------------|
| a. Resident only | b. Both ordinarily resident and NOR |
| c. Non-resident  | d. All the assesses                 |

(iv) R gifted his house property to his wife Mrs. R in 2000. Mrs. R has let out the house property @ Rs.5,000 p.m. The income from such house property will be taxable in the hands of

- |  |  |
|--|--|
| a. Mrs. R  | b. R. However , income will be computed first as Mrs. R's income and thereafter clubbed in the income of R |
| c. R as he will be treated as deemed owner & liable to tax | d. None of them  |

- (v) Salary, bonus, commission or remuneration due to or received by a working partner from the firm is taxable under the head’.
- a. Income from salaries
  - b. Other sources
  - c. House Property
  - d. None of them
- (vi) Where the entire block of the depreciable asset is transferred after 36 months, there will be:
- a. STCG
  - b. LTCG
  - c. Both of the above
  - d. None of them
- (vii) Loss under the head capital gain in a particular assessment year can
- a. Be set off from other head of income in the same assessment year
  - b. Be carried forward
  - c. Neither be set off nor carried forward
  - d. None of them
- (viii) For claiming Deduction u/s 80C, the payment or deposit should be made
- a. Out of any income
  - b. Out of any income chargeable to income tax
  - c. During the current year out of any source
  - d. None of them
- (ix) Income Tax Department works under
- a. SEBI
  - b. CBDT
  - c. ROC
  - d. None of them
- (x) Dearness Allowance is
- a. Fully Taxable
  - b. Partly Taxable
  - c. Fully exempted
  - d. None of them

**Group – B**

(Short Answer Type Questions)

3 x 5 = 15

Answer any *three* from the following

2. State the different Heads of Income under Income Tax Act. [5]
  
3. Mr. P, who stays in Kolkata in a rented accommodation at a monthly rent of Rs.600, has received the following emoluments from his employer during the year 2017-18:  
 Basic salary – Rs.72000, House Rent Allowance – Rs.12000, Bonus-Rs.5000, Commission – @1% of the turnover of Rs.300000 including Rs.50000 not achieved by Mr. P, advance salary (for the year 2018-19)-Rs.10000.  
 Calculate the amount of House Rent Allowance in his hands. [5]
  
4. John, a foreign national, after 25 years of employment in India retired on January 15, 2013 & returned back to his home land on that date. He, however, again got an employment as a branch manager of an American company situated in Delhi & joined on that branch on July, 4, 2015. Discuss his residential status for the AY 2018-19. [5]
  
5. What do you mean by Advance Tax? [5]
  
6. Ramesh, an employee of a private concern, retired on January 31, 2018 & his pension is fixed at Rs.3500 per month. He, however has received Rs.21000 as the commuted value of 60% of his monthly pension in February, 2018. Discuss the taxability of Pension in the hands of Ramesh for the assessment year 2018-19 assuming that i) he has received gratuity and ii) he has not received gratuity. [5]

**Group – C**

(Long Answer Type Questions)

3 x 15 = 45

Answer any *three* from the following

7. (a) What do you mean by STCG & LTCG? Give examples. [3]
- (b) What do you mean by tax deducted at source? [6]
- (c) What is Provident fund? Explain the tax treatment of different Provident Fund Schemes as per Income Tax Act. [6]
8. (a) What do you mean by Tax Planning, Tax Evasion & Tax Avoidance? [5]
- (b) “There is no element modified involved in Tax Avoidance”- explain properly. [10]
9. Mr. M sells a Residential House Property (Let out) on February 15, 2018 for 950000 (purchased on August 5, 2012 for 260000) and Gold on March 8, 2017 450000 (purchased on December 18, 2011 for Rs.130000). M Purchases a land (for construction of residential house) on June 12, 2017 for Rs. 220000 and invests Rs. 450000 in Bonds of NHAI (redeemable after 3 years) on May 1, 2017. Compute the Capital Gain of Mr. M for the relevant AY 2018-19.
- 2016-17 CII- 1125
- 2017-18 CII - 1160
- 2010-11 CII- 711 [15]

10. Mr. Kar, an employee of a Govt Concern, retires on June 30, 2017 after completing 15 years and 5 months of service. He furnishes the following particulars of his income for the year ended 2017-18:

- Basic salary on April 1, 2017 – Rs.2500 per month
- DA- 100% of basic salary
- Commission Rs. 500 per month
- Gratuity Received Rs.36000
- Monthly Pension received rs.1200 per month, Commuted pension received – Rs.25000
- Received from PF Account- Rs.30000
- Received from Leave Salary- Rs.10000
- Received Bank Interest Rs.7500, Interest from NSC(VIII th issue) – Rs.3560, Interest from POSS – Rs.1800.

Compute his Gross total Income for the AY 2018-19

[15]

11. Mr. X makes the following payments/investments during the previous year 2017-18:

- a. LIC premium on wife's life (Sum assured – Rs.100000) – Rs.12500
- b. LIC Premium on Son's life (Sum assured Rs.200000) – Rs.45000
- c. LIC Premium on mother's life (Sum assured Rs.300000) – Rs.15000
- d. LIC Premium on own life (Sum assured Rs.500000) – Rs.20000
- e. Deposit in PPF – Rs.20000
- f. Investment in NSC – Rs.20000
- g. Repayment of House Building Loan to LIC (including interest of Rs.103000)- Rs.145000
- h. Fees of two children (Tuition Fees Rs.35000+Development Fees Rs.50000) – Rs.85000

Calculate the amount of deduction under section 80C. Assume that all the above Life Insurance Policies are taken before April 1, 2012.

[15]