



**BRAINWARE UNIVERSITY**

**Course – M. Com.**

**Income Tax Laws & Practices (MCM 206)**

(Semester 2)

**Time allotted: 3 Hours**

**Full Marks: 70**

**Group-A**

**(Multiple Choice Questions)**

**10×1=10**

**1. Choose the correct answer from the given alternatives of the following:**

I) Residential status to be determined for :

- a) Previous year
- b) Assessment year
- c) Accounting year
- d) None of the above

II) Incomes which accrue or arise outside India but are received directly into India are taxable in case of

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

III) Agricultural income is :

- a) Fully exempt
- b) Partially exempt
- c) Fully taxable
- d) None

IV) Agricultural income is exempt provided the:

- a) Land is situated in India
- b) Land is situated in any rural area India
- c) Land is situated whether in India or outside India.
- d) None of the above

- V) R gifted his house property to his married minor daughter. The income from such house property shall be taxable in the hands of :
- R as deemed owner.
  - R. However, it will be first computed as minor daughters income & clubbed in the income of R.
  - Income of married minor daughter.
- VI) An assessee has borrowed money for purchase of a house & Interest is payable outside India. Such interest shall:
- Be allowed as deduction
  - Not to be allowed on deduction
  - Be allowed as deduction if the tax is deducted at source+
  - None of the above
- VII) Under the head Business or Profession, the method of accounting which an assessee can follow shall be :
- Mercantile system only
  - Cash system only
  - Mercantile or cash system only
  - Hybrid system
- VIII) Unabsorbed depreciation which could not be set off in the same assessment year, can be carried forward for:
- 8 Years
  - Indefinitely
  - 4 Years
  - None of the above
- IX) Residential status to be determined for :
- Previous year
  - Assessment year
  - Accounting year
  - None of the above
- X) Where the entire block of the depreciable asset is transferred after 36 months, there will be:
- Short-term capital gain
  - Long-term capital gain
  - Short-term capital gain or loss
  - Long-term capital gain or loss

**Group – B**  
**(Short Answer Type Question)**

**Discuss Answer any three questions**

**3 x 5 = 15**

2. What is Income Tax? What is the difference between Tax Evasion & Tax Avoidance?  
[2+3]
3. What is Pension? What are the deduction rules for Commuted & un-commuted Pensions?  
[ 2+3]
4. Mr. X receives the following gifts during the FY 2016-17. Discuss the taxability of such gifts:
  - a) Cash gifts of Rs.55000 received from his friend on July, 2015
  - b) Gift of Rs.44500 received in cash on the occasion of marriage of X from his grandfather on August, 2015
  - c) Cash gift of Rs.100000 from his elder brother on June, 2015
  - d) Cash gift of Rs.72000 from his employer for the successful completion of a job.
  - e) Gift of an immovable property without consideration from a close friend on September, 2015 (Stamp Duty value Rs.750000)
5. Bijoy, an employee of a private concern, has drawn basic salary of Rs.20000 per month & DA (forming part of salary) Rs.8000 per month. He is provided with an accommodation in Kolkata, the fair rent of which is Rs. 7000 per month. Rent charged by the employer for such accommodation is Rs.4500 per month. Determine the value of perquisite, if any, in respect of such accommodation for the AY 2016-17.
6. B, an employee of a private concern not covered by the Payment of Gratuity Act, 1972, retires on February 22, 2016 after a continuous service of 28 years & 9 months & receives gratuity of Rs. 125000 on March 15, 2016. The other relevant information are as follows:
 

a. Basic salary at the time of retirement (increment of Rs.600 per month fell due on 1 <sup>st</sup> April each year)	7200 per month
b. DA (forms part of salary)	1700 per month
c. HRA	1500 per month
d. Commission	5% of the turnover of
Rs.750000	

Calculate the amount of gratuity received by B.

**Group – C**  
**(Long Answer Type Question)**

**Answer any three questions**

**3 x 15 = 45**

7. Sri RS Sharma, Deputy Director of a Private Limited Company in Mumbai, furnishes the following information for the year ended March 31, 2016:
- a) Basic salary Rs. 35000 per month
  - b) DA Rs.15200 per month
  - c) Medical Allowance Rs.1200 per month
  - d) HRA Rs.6800 per month
  - e) A car is provided exclusively for his personal use. The running & maintenance expenses of the car amounting Rs. 24200 are borne by the employer. The cost of such car is Rs.370000.
  - f) Own contribution to RPF Rs.50000; employer also contributes an equal amount. Interest @ 10% per annum amounting Rs.60000 is credited to his fund on March 31, 2016.
  - g) He paid Professional Tax of Rs.2400
  - h) He lives in his own house. He took a loan of Rs. 1500000 from HDFC for the construction of such house on June 12, 2010. He repaid loan amounting Rs.405000 (including interest of Rs.225000) during the year. Compute his Total Income for the AY 2016-17.
8. What is Capital gain Depository Account (CGDA)? Briefly explain the Long term & Short term capital gain with examples. What is Capital Asset? Give examples.
9. What is Advance Tax? The estimated income of R, a resident individual (aged 52 years), for the year 2016-17 are as follows:
- a. Income from House Property Rs.45000
  - b. Income from business Rs.645000
  - c. Income from other sources Rs.35000
  - d. R is entitled to deduction under section 80C & 80G amounting to Rs. 51000 & Rs.8500 respectively. TDS during the year is Rs.7330. Calculate the amount of Advance Tax payable by R.

[3+12]

**10.** Write short notes on: (3 marks each)

- a. Agricultural Income
- b. Advance Salary & Arrear Salary
- c. Tax Planning
- d. Revised return
- e. House Rent Allowance

**11.** Mr. Ratnadeep furnishes the following information:

Residential house property is situated at Kolkata

Date of Transfer – 30.11.2015

Date of purchase – 30.6.1992

Sale Consideration – 6400000

Cost of Acquisition – 250000

Expense of Transfer – 35000

Legal Charges for property transfer – 10000

Amount deposited in CGDA scheme – on 20.2.2016 – 1500000

To get the exemption U\S 54, the following residential house property is purchased at Chennai by Arup. Calculate the taxable income from capital gain of Mr. Ratnadeep for AY 2016-17

CII for 2015-16 – 1081

CII for 1992-93 - 223