



## **BRAINWARE UNIVERSITY**

**Course – B.Com.**

**Income Tax Laws & Practices (BCM 302)**

(Semester 3)

**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 Questions)

**1. Choose the correct alternatives for the following:**

**10 x 1 = 10**

- i) The rent fixed by the Rent Control Act is known as
  - a) Standard Rent
  - b) Actual Rent
  - c) Notional Rent
  - d) Unrealized Rent
- ii) Income from house property is
  - a) Earned Income
  - b) Unearned Income
  - c) Both of the above
  - d) None of the above
- iii) Sec 54B is available to
  - a) Individuals only
  - b) HUF only
  - c) Individuals & HUF
  - d) None of the above
- iv) Loss from House Property can be carried forward for a period of
  - a) 10 years
  - b) 4 years
  - c) 8 years
  - d) 12 years

- v) GST is a/an
- a) Direct Tax
  - b) Indirect Tax
  - c) Income tax
  - d) None of the above
- vi) The concept of “Tax Planning” is in the hands of
- a) Tax Department
  - b) Tax Payer
  - c) Legal Advisor
  - d) None of the above
- vii) Deduction u/s 80C, 80CCC & 80CCD should not exclude
- a) Rs.150000
  - b) Rs.500000
  - c) Rs. 1000000
  - d) None of the above
- viii) Agricultural Land in India in rural area is a
- a) Capital Asset
  - b) Not a Capital Asset
  - c) Exceptional Asset
  - d) None of the above
- ix) A person who satisfies any one of the basic condition, will be
- a) Resident
  - b) Non resident
  - c) Ordinary resident
  - d) Resident but Not Ordinary resident
- x) Standard Deduction is not allowed for which of the following house?
- a) Self-occupied house
  - b) Let out house
  - c) Deemed to be let out house
  - d) Both a & b

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

**Answer any three from the followings**

**3 x 5 =15**

2. What is Pension? What are the different types of pension? What are their tax treatments in case of government and non-government employee?

[2+1+2]

3. 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 2016-17:

Basic salary – Rs.72000, HRA – Rs.12000, Bonus- Rs.5000, Commission @ 1% of the turnover of Rs.300000 including Rs.50000 not achieved by P; Advance salary (for the year 2017-18) Rs.6000. Calculate the amount of HRA taxable in his hands.

4. X furnishes the following particulars in respect of his residential house property:

House purchased on September 9, 2010 - Rs.350000

House sold on June 12, 2016 – Rs.1250000

Expenses on transfer – Rs.5700

New residential house in India purchased on February 5, 2017. - Rs. 1850000.

Compute capital gain chargeable to tax for the AY 2017-18.

Cost of inflation index:

2010-11 – 711

2016-17 - 112

5. Give any five examples of Incomes Fully Exempted from Tax.

6. Mr. Charles, an American citizen, came to India on May 15, 2005 to join as a chief officer in an Indian Company. He went to Japan on February 2, 2013 to join in a company there for a period of two years. He, however, came to India on August 14, 2014 on leave for 61 days & returned back afterwards. After the completion of the job at Japan, he again resumed the office in India on & from April 1, 2015. Determine his residential status for the AY 2017-18, 2106-17, 2015-16 & 2014-15.

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

**Answer any three from the followings**

**3 x 15 = 45**

7. R. Singha is employed in a Government concern on 1.4.2011 on a pay scale of Rs.5200-175-6950-250-8450. Other particulars relating to his salary for the 2016-17 are as follows:

DA 120% of basic salary, lunch allowance Rs.650 per month, entertainment allowance Rs.450 per month, interim relief – Rs.150 per month, arrear salary (relating to the previous year 2015-16) Rs.12000, rent free accommodation at Nagpur (license fee Rs. 650 per month), free usage of furniture – Rs.12000, provision of electricity for personal consumption – Rs.1500, own contribution to SPF @ 12% of basic & DA (Govt makes a matching contribution), interest credited to such fund Rs.1300 (rate being 12% p.a), leave salary Rs.3500, Income Tax & Professional Tax paid by R. Singha Rs.2500 & Rs480 respectively.

Compute his income from salary for the relevant AY.

8. Mr. Tanuj Agarwal submits the following particulars for the AY 2017-18.

Income from house property – Rs.42000  
 Income from business – Rs. 60500  
 Long term capital gains – Rs.18200  
 Interest from fixed deposit with a bank – Rs.15700  
 Donation made to:  
 Prime Ministers Drought Relief Fund – Rs. 4000  
 Prime Ministers National Relief Fund – Rs.3000  
 Approved Charitable Institution by Cheque – Rs.13500  
 Payment of Medical Insurance Premium on his own health to GICI – Rs.18000  
 Compute his total income for the relevant AY.

9. a) What is Gratuity? What is the tax treatment of Gratuity for an Individual?

b) After completion for 34 years Mr. Ramnarayan retires from service with Philips India Ltd on August 31, 2016. He received gratuity of Rs. 35000. His monthly salary during the year 2014, 2015 & 2016 has been Rs. 1600, Rs. 1700 & Rs.1800 respectively. His annual movement fell due on 1<sup>st</sup> January every year. During the year 2016, he was on leave at half pay from 1<sup>st</sup> July to 31<sup>st</sup> December. Determine the amount of gratuity exempted under section 10(10).

[5+10]

10. Sunil Dhar is the owner of two houses, the details of which for the year 2016-17 are as follows:

|  | <b>House I</b>   | <b>House II</b> |
|--|------------------|-----------------|
| Construction Completed on                | 31.8.98          | 30.9.94         |
| How used                                 | Tenants business | Own residence   |
| Municipal Value<br>(Municipal tax @ 10%) | 12000            | 15000           |
| Fair Rent                                | 14400            | 16800           |
| Rent received                            | 10400            |                 |
| Standard Rent                            | 13000            | 15000           |
| Insurance Premium                        | 1000             | 1500            |
| Interest on Loan                         | 800              | 3000            |
| Repayment of principal<br>value of loan  | 8000             | 15000           |

- He has claimed deduction of Rs.12000 on account of unrealized rent of the year 2016-17 relating to house I.
- During the year, he paid municipal tax in respect of house I for the current year as well for the year 2015-16.
- Compute income from house property of Mr. Dhar for the relevant AY 2017-2018.

11. What is Tax Planning? What are the objectives of Tax Planning? What are the methods of Tax Planning? What are the differences between Tax Evasion & tax Avoidance?

[3+5+5+2]