



**BRAINWARE UNIVERSITY**

**Term End Examination 2018 - 19**

**Programme– B.Com. (BFA)**

**Course Name – Income Tax Law & Practice**

**Course Code - BCM302**

(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 Type Question)

10 x 1 = 10

1. *Choose the correct alternative from the following*
  - (i) The income tax in India is
    - a. direct and proportional
    - b. direct and progressive
    - c. indirect & proportional
    - d. indirect and progressive
  - (ii) Government imposes taxes to?
    - a. check the accumulation of wealth among the rich
    - b. run the machinery of state
    - c. uplift weaker sections
    - d. none of these
  - (iii) Which of the following is not a direct tax?
    - a. Sales Tax
    - b. Income Tax
    - c. Estate Duty
    - d. Wealth Tax

- (iv) The TDS Certificate issued by an employer to his employees in case of salary income is
- a. Form 16
  - b. Form 16A
  - c. Form 20A
  - d. Form 26Q
- (v) PAN is necessary for the following assesses -
- a. A businessman whose total turnover is Rs.5,00,001
  - b. A charitable trust
  - c. Both of the above
  - d. None of the above
- (vi) CBDT is controlled by
- a. Central Government
  - b. State Government
  - c. Both of the above
  - d. None of the above
- (vii) Interest on capital, borrowed on 10.10.2000, for self-occupied property is deductible upto a maximum amount of
- a. Rs.1,00,000
  - b. Rs.1,50,000
  - c. Rs.50,000
  - d. No limit
- (viii) As per the first basic condition under residential Status, an Individual must have stayed in India for
- a. 365 days
  - b. 182 days
  - c. 184 days
  - d. 73 days
- (ix) Direct Tax is getting from
- a. Customers
  - b. Employees
  - c. Buyers
  - d. Persons
- (x) Which one of the following taxes is not levied by the State Government?
- a. Entertainment tax
  - b. Professional tax
  - c. GST
  - d. None of the above

**Group – B**

(Short Answer Type Questions)

3 x 5 = 15

Answer any *three* from the following

2. What are the different types of income chargeable under the head “Income from other sources” ? 5
3. What is Pension? What are the different types of Pension? Briefly explain the tax treatment of different types of pension. 5
4. Miss. Roy, a private sector employee covered by Payment of Gratuity Act, 1972, retired on November 30, 2017 after a continuous service of 25 years & 9 months in the concern & received a gratuity of Rs.49500 on December 2017. Her basic salary & dearness allowances for the last month were Rs.4120. Compute the amount of Gratuity Taxable in her hands for the AY 2018-19. 5
5. What is Tax Planning? What are its objectives? 5
6. Tamal, an employee of a private concern, retired on January 31, 2018 & his pension is fixed at Rs.6500 per month. He, however, has received Rs.51000 as the commuted value of 60% of his monthly pension in February 2018. Discuss the tax liability of pension in the hands of Tamal for the AY 2018-19 assuming that i) he has also received gratuity & ii) he has not received gratuity. 5

**Group – C**

(Long Answer Type Questions)

3x 15 = 45

Answer any *five* from the following

7. (a) Mr. Gupta, a practicing Chartered Accountant. He has also a private accountancy coaching Institute. His account for the year ended 31.3.2018 is given as follows:

Particulars	Amount(Rs.)	Particulars	Amounts(Rs.)
To, balance b/d	16200	By, office expenses	7850
To, audit Fees	29400	By, municipality tax	800
To, Income from other audit work	10800	By, Institute expenses	1800
To, Institute Fees	4200	By, Personal expenses	7000
To, Interest on Investment (TDS @ 10%)	18000	By, Membership fees & certificate of practice fees	550
To, Examiners Fees	1200	By, LIC Premium	3000
To, Rent from property	8000	By, Income Tax	5000
		By, Motor Car Purchased	30000
		By, Motor Car expenses	1200
		By, books purchased for professional use	4500
		By, Insurance of property	600
		By, Balance c/d	25500
	<b>87800</b>		<b>87800</b>

**Additional Information:**

- Depreciation allowance for motor car is Rs.2400
- 1/3<sup>rd</sup> of motor car expense is in respect of own profession.

Compute total income of Mr. Gupta for the AY 2018-19.

15

8. (a) What is Perquisite? 5  
 (b) Explain the tax treatment of Furnished & Unfurnished Accommodation for an individual assesses. 10
9. (a) What is Income Tax? 2  
 (b) What are the features of Income Tax? 5  
 (c) What are the different heads of Income under section 14 of Income Tax Act? 5  
 (d) What are the different stages in the imposition of Income Tax? 3
10. Mr. X owns two house, the particulars of which for the year ended 31.3.2018 are as follows:

	<b>House I (Let out for residence)</b>	<b>House II (3/4 th let out for own residence &amp; 1/4<sup>th</sup> let out for redince)</b>
Construction completed on	31.1.2001	30.11.2000
Municipal tax paid (10% of Municipal Value)	2500	2200
Rent received	36000	6000
Insurance Premium	3500	2200
Interest on Loan	3700	4800
Land revenue(due)	5200	3700

Compute income from house property of Mr. X for the AY 2018-19 after considering the following additional points:

- i) House No. I consist of two flats of equal size.  
 ii) Municipal Tax of Rs.500 in respect of House No. I was in arrears. 15

11. R. Sinha is employed in a Government concern on 1.4.2013 on a pay scale of Rs.5200-175-6950-250-8450. Other particulars relating to his salary income for the year 2017-18 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 (related to previous year 2016-17) Rs.12000, Rent free accommodation at Nagpur (fair rent Rs.1200 per month, license fee determined by government Rs.650 per month), Free use of furniture costing Rs.12000, Provision of electricity for personal consumption Rs.1500, own contribution to statutory provident fund @ Rs. 1300 @ 12% of Basic & DA (Government makes a matching contribution), Interest credited to such fund Rs.1300(rate being 12% per annum), Leave salary Rs.3500, Income Tax & Professional Tax paid by Mr. sinha Rs.2500 &Rs. 480 respectively.

Compute his total Income from salary for the relevant assessment year.

15

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