

**63/1 (SEM-4) COM HC 4106/COM RC
4056 (CC10/DSC 2D)**

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COMMERCE

Paper : CC-10/DSC-2D

(Income Tax and Practice)

Full Marks : 60

Time : 3 hours

*The figures in the margin indicate full marks
for the questions*

1. Choose the correct answer : 1×5=5

(a) Which of the following statements is correct?

- (i) The Finance Bill is passed by the Parliament every year.**
- (ii) If a company is incorporated in India, it is considered as resident in India.**
- (iii) Nationality of an assessee has no relation with the concept of residential status.**

- (iv) The Income-tax Act, 1961 is not applicable in the State of Jammu and Kashmir.
- (b) Any person who deducts tax at source but does not deposit it in the Government Treasury is called
- (i) assessee-in-default
 - (ii) deemed assessee
 - (iii) assessee-in-person
 - (iv) None of the above
- (c) Which of the following statements is not correct?
- (i) Agricultural income is partly exempt from Income Tax.
 - (ii) Amount received against Keyman Insurance policy is fully taxable.
 - (iii) Income of Khadi and Village Industries Board set up by the State Government is exempt from Income Tax.
 - (iv) Income of all private nursing homes is exempted from tax.

- (d) _____ is taxable on due or receipt basis whichever is earlier.
- (i) Rent received
 - (ii) Salary
 - (iii) Perquisite
 - (iv) None of the above
- (e) Income received as rents from subletting would be taxable under the head
- (i) Income from House Property
 - (ii) Income from Business or Profession
 - (iii) Income from Other Sources
 - (iv) Income from Capital Gains

2. Answer the following questions : 2×5=10

- (a) What is 'previous year' under the Income-tax Act, 1961?
- (b) Mention the various heads of income.
- (c) Write two examples of allowances which are exempted up to a specified limit.
- (d) Mention any two perquisites which are taxable for all employees.

- (e) Mention any two types of income from house property which are exempted from tax.

3. Answer any *five* from the following questions : 5×5=25

- (a) When is an individual considered as resident and ordinarily resident in India?
- (b) Enumerate any five items of income which are fully exempted from tax.
- (c) State the meaning of agricultural income.
- (d) What is meant by 'salary' for the purposes of the house rent allowance and valuation of rent-free accommodation?
- (e) Mention five items of income/profits which are chargeable to tax under the head Profits and Gains of Business or Profession.
- (f) What do you mean by short-term and long-term capital gains?

- (g) Biprajyoti, who resides in Mumbai, gets ₹ 20,000 p.m. as basic salary. He received ₹ 4,000 per month as house rent allowance during the previous year 2020-21. Rent paid by him is ₹ 3,500 per month.

Ascertain the amount of taxable house rent allowance for the Assessment Year 2021-22.

4. Answer any *two* from the following questions : 10×2=20

- (a) What do you mean by Gross Total Income? Name the various deductions allowable from the Gross Total Income in case of a salaried employee. 2+8=10
- (b) Mr. Dilip Kumar Nath is employed in a private limited company at Indore (population of Indore is less than 10 lakhs according to the 2001 Census). During the previous year 2020-21, he received the following from his employer :
- (i) Basic salary—₹ 25,000 per month
 - (ii) Dearness allowance 50% of Basic Salary
 - (iii) Entertainment allowance—₹ 1200 per month

(6)

- (iv) Servant allowance—₹ 500 per month
- (v) Bonus for the year—₹ 60,000
- (vi) Commission received for the year ₹ 36,000
- (vii) Employer's contribution to recognized Provident Fund @13% p.a. is—₹ 39,600
- (viii) Interest on Provident Fund credited @11% p.a. is ₹ 19,800 on 31-8-2020
- (ix) Uniform allowance—₹ 400 per month (actual expenditure on an average is ₹ 200 p.m.)
- (x) The employer provided him free telephone facility at his residence and bill paid by employer during the previous year—₹ 8,400

During the previous year, his employer deducted ₹ 2,400 as Professional Tax from his salary.

Ascertain his income from salary for the Assessment Year 2021-22.

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- (c) Ms. Martina is the owner of the house property located in Bangalore. From the particulars given below, compute the

(7)

income from house property for the Assessment Year 2021-22 :

Municipal value—₹ 22,000

Fair rent—₹ 25,000

Standard rent—₹ 24,000

Actual rent—₹ 2,400 per month

Municipal tax levied—₹ 2,400

Municipal taxes paid during the year—50% of tax levied

Expenses on repairs—₹ 3,000

Insurance premium—₹ 600

Ms. Martina had borrowed a sum of ₹ 1,00,000 @ 8% p.a. on 1-10-2018 and the construction of the property was completed on 31-12-2020.

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