

Exam. Code : 105406

Subject Code : 1498

B.B.A. Semester—VI

INCOME TAX

Paper—BBA-603

Time Allowed—3 Hours] [Maximum Marks—50

SECTION—A

Note :— Answer any TEN questions. Each question carries 1 mark. $1 \times 10 = 10$

1. (a) What is assessment year ?
- (b) What is dearness allowance ?
- (c) Define residential status.
- (d) Give any two examples of perquisites taxable for all employees.
- (e) What is annual value of house property ?
- (f) What is slab system of taxation ?
- (g) What is index cost of acquisition ?
- (h) What is leave encashment ?
- (i) Name any 2 general incomes under the head income from other sources.
- (j) What is unabsorbed depreciation ?
- (k) State any admissible deductions under profits and gains of business or profession.
- (l) What is block of assets ?

SECTION—B

Note :— Answer any **TWO** questions. Each question carries
10 marks. 2×10=20

- 2 Mr. Kumar an employee of Ranchi (Population 15 lakhs) based company provides the following particulars of his salary income :

	INR
Basic Salary	12,000 p.m
Profit Bonus	12,000
Commission on turnover achieved by Mr. Kumar	42,000
Entertainment Allowance	2,000 p.m
Club Facility	6,000
Transport Allowance	1,000 p.m
Free use of car of more than 1.6 lt capacity for both personal and employment purposes ; expenses met by employer.	
Rent free house provided by employer. Lease rent paid by employer.	6,000 p.m
Free education facility for 3 children of the employee	22,500
(Bills issued in the name of employer)	

Gas, water, electricity bills issued in the name of employee but paid by employer 16,800

Compute income under the head Salary for the assessment year 2015-16.

3. Mr. R owns a residential house property. It has 2 equal residential units—Unit I and Unit II. While Unit I is self occupied by Mr. R for his residential purpose ; Unit II is let out (rent being Rs. 6,000 p.m and rent of 2 months could not be recovered). Municipal value of the property is Rs. 1,30,000, standard rent is Rs. 1,25,000 and fair rent is Rs. 1,40,000. Municipal tax is imposed @ 15 % which is paid by R. Other expenses for the previous year 2014-15 being repairs Rs. 800, insurance Rs. 1,500 interest on capital (borrowed during 1998) for constructing the property Rs. 63,000. Find out house property income of Mr. R for the assessment year 2015-16.
4. How is residential status of individuals and HUF's determined for income tax purposes ? Explain the incidence of tax liability under the act.
5. Explain in detail the concept of Agricultural Income with suitable examples.

SECTION—C

Note :— Answer any **TWO** questions. Each question carries
10 marks. 2×10=20

6. What are capital gains ? Explain the various exemptions and their rules under the head Capital Gains.
7. State the provisions of income tax regarding “deductions” to be made in computing total income of an assessee in respect of certain payments.
8. S, an owner of 3 houses, sells a residential house in Chennai for Rs. 17,90,000 on 23rd May, 2014. This house was purchased by him on 1-4-1987 for Rs. 2,00,000. On 20th May, 2014 he purchased a flat in Mumbai for Rs. 8,70,000 for the purpose of residence of his son-in-law. On 1st March 2015 S sells the house in Mumbai for Rs. 12,10,000.

Compute the capital gain arising on 2 transactions. Is S eligible for exemption in respect of second sale ?
CII for 1987-88 is 150 and for 2014-15 is 1024.

9. The following particulars are given by Mr. M D., Madras in respect of his annual income for the year ended 31st March 2015 :
 - (a) Consolidated salary till 30-9-2014 at Rs. 13,500 p.m and from 1-10-2014 Rs. 14,000 p.m.
 - (b) House rent allowance @ 20 % of salary.
 - (c) Actual house rent paid Rs. 3,500 p.m.
 - (d) Contribution to recognized Provident Fund by self and employer each 12 % of salary.

- (e) Life insurance premium paid Rs. 1,200 (Sum assured Rs. 20,000 and policy taken on 1-4-2013).
- (f) Leave travel allowance received Rs. 32,700, Rs. 20,000 was spent on travel to home district under LTC.
- (g) Bonus 20,000
- (h) Interest and dividend incomes :
- Interest on term deposits with
- Punjab National Bank 29,000
- Income from units of
- Unit Trust of India 3,000
- Interest on debentures of
- Ponds India Ltd. 21,750
- Dividend from Co-op society 15,000
- Interest on Govt. securities 13,000
- (i) Long term Capital gains 30,000
- (j) Short term Capital gains on Sale of shares (STT paid) 20,000
- (k) Medical expenses incurred in private hospital for treatment of self and family Rs. 5,000. His employer reimbursed Rs. 2,500.
- (l) Rent received from tenant of own house property Rs. 9,600. Municipal taxes paid Rs. 600.
- Prepare Mr. M.D's statement of income showing computation of taxable income and tax liability. Salary is due on last day of the month.