

SN – 1797

V Semester B.Com. Examination, November/December 2008

(Semester Scheme)

COMMERCE

INCOME TAX – I (Paper – 5.2)

Time : 3 Hours

Max. Marks : 90

*Instruction : Answer should be written completely either in English or
Kannada.*

SECTION – A

Answer any ten sub-questions. Each question carries 2 marks : (10×2=20)

1. a) Define "Assessment year".
- b) Define "Annual value".
- c) What do you mean by Transferred Balance ?
- d) Mention any four exempted income u/s 10 of the I.T Act.
- e) Define the term "person".
- f) How will you treat the employer contribution to RPF Act for Tax ?
- g) What is agricultural income ?
- h) What are perquisites ?

P.T.O.



- i) What do you mean by previous year ?
- j) Who is a "specified employee" ?
- k) Who is an assessee ?
- l) What do you mean by pre-construction period ?

SECTION - B

Answer **any five** questions. **Each** question carries **5** marks :

(5×5=25)

2. Mr. Ramesh is an Non-Govt. employee. He has been provided with a rent free house taken on lease for which the employer pays an annual rent of Rs. 40,000. He has also paid hire charges of Rs. 2,000 for furniture provided in the house. The employee has paid Rs. 25,000 for rent and 1,000 for hire charges to the employer. Annual Salaries of the employee for the above purposes was Rs. 2,00,000

Calculate value of rent free accommodation for the A.Y. 2008-09.

3. Mr. Rama went to England for studies on 5th Aug. 2007 and came back to India on 25 Feb. 2008. He had never been out of India before. What is Residential Status for the A.Y. 2008-09 ?
4. What is the difference between Recognised provident fund and Unrecognised provident fund ?



5/ Discuss whether the following are agricultural income :

- 1) Compensation received for acquisition of agricultural land for military purposes.
- 2) Income from sale of forest trees of spontaneous growth.
- 3) Income from interest on simple mortgage of land used for agricultural purposes.
- 4) Income derived from land used as stone quarries.
- 5) Rent from house property situated in a village.

6/ Sri Veeresh retired on 31-3-2008 after serving in a company for 32 years and 10 months. He received Rs. 78,000 as gratuity. His average monthly salary in the immediately preceding 10 months was Rs. 2,800. Compute his exempted and taxable gratuity for the A.Y. 2008-09 (Gratuity is not covered under Gratuity Act).

7. State the basic conditions for determining the residential status of an individual.

8. Write short note on the following :

- a) Municipal Value of property
- b) Fair rent of property
- c) Standard rent of property.



9. Mr. Sunder retired from services on 31-3-2008. His pension was fixed at Rs. 6,000 p.m. He commutes one-half of his pension and received Rs. 3,00,000. Find out the taxable amount of commuted pension if

- a) he is Govt. employee
- b) he is non Govt. employee who also gets gratuity and
- c) he is non-Govt. employee. who does not get any gratuity.

SECTION - C

Answer **any three** questions. **Each** question carries **15** marks.

(3×15)

10. From the following particulars of Mr. Nagaraj compute his Gross total income for the A.Y. 2008-09 If he is

1) Resident 2) Not ordinarily resident and 3) Non-Resident

- 1) Income from business from Raichur Rs. 50,000
- 2) Profit from business in U.K. controlled from India Rs. 60,000
- 3) Income from house property in Japan not received in India Rs. 30,000
- 4) Income from business in India but received in Pakistan Rs. 50,000
- 5) Salary received in India for service rendered in U.S.A. Rs. 70,000
- 6) Interest on deposit with State Bank in Bangalore Rs. 10,000



- 7) Profit from business in Ceylon controlled from India ($\frac{1}{3}$ profit received in India) Rs. 30,000.
 - 8) Salary received in India for service rendered in Kuwait Rs. 35,000
 - 9) Past untaxed foreign income brought in to India Rs. 8,000
 - 10) Dividend received from Domestic company Rs. 5,000
 - 11) Interest on post office Savings Bank A/c Rs. 1,000
 - 12) Agricultural income earned in Nepal Rs. 25,000
11. Mr. Pradeep is an employee in Hindustan Power Corporation Ltd. at Hyderabad. He gives the following information for the A.Y. 2008-09.
- 1) Basic salary Rs. 8,000 p.m.
 - 2) Dearness allowance Rs. 6,000 p.m. (Rs. 1,000 p.m. enters into retirement benefits).
 - 3) Family allowance Rs. 600 p.m.
 - 4) City compensatory allowances Rs. 800 p.m.
 - 5) Education allowance for 2 children at Rs 350 p.m. per child.
 - 6) Entertainment allowances Rs. 750 p.m.
 - 7) House Rent allowance 1,600 p.m., but he pays Rs. 3,000 p.m. as actual rent.



- 8) Company has provided a telephone at his residence by meeting all the expenses amounting to Rs. 6,000 for the year.
- 9) Company has paid his income tax of Rs. 6,420 during the previous year on his taxable income.
- 10) Conveyance allowance of Rs. 8,000 for visiting the branches (fully spent)
- 11) He and the company contribute 14% of salary towards the R.P.F.
- 12) Interest on R.P.F. was Rs. 15,000 at 15% P.A.

Compute Income from salary for A.Y. 2008-09.

12. The following are the particulars of income from salary of Mr. Jayadev of Tumkur for the previous year ending 31-3-08.
 - a) Net salary (after deducting income tax, profession tax and contribution of Jayadev to his recognised provident fund) Rs. 66,000
 - b) Income Tax deducted at source from Salary Rs. 13,000
 - c) Profession Tax deducted at source from Salary Rs. 2,000
 - d) Jayadev's contribution to provident fund Rs. 9,000
 - e) Employer's contribution to the above fund Rs. 19,200
 - f) Interest credited to provident fund at $12\frac{1}{2}\%$ P.A. was Rs. 2,500

- g) House rent allowance received (actual rent paid by him for the house occupied for his residence at Rs. 1,500 p.m.) Rs. 18,000
- h) Allowance for travelling on transfer received from employer Rs. 2,000
- i) Jayadev has paid life insurance premium on the following policies as under :
- 1) on the policy of Rs. 20,000 on his own life 3,000
 - 2) on the policy of Rs. 20,000 on his wife life 2,000

Compute his income from salary for the A.Y. 2008-09.

13. Akhila own three houses in Bangalore. The municipal valuations of which are Rs. 22,000, 36,000, and Rs. 31,000 respectively. The following are further details about three houses.

- 1) The first house built in 2000 has been let out on a monthly rent of Rs. 3,500. The expenses in connection with this house are land revenue Rs. 100, Fire insurance premium Rs. 800, interest on loan for construction of the house Rs. 4,000, municipal taxes Rs. 1,500. The house remained vacant for two months. Unrealised rent of the current year amounts to Rs. 7,000. The assessing officer has been satisfied about this unrealised rent.
- 2) The second house was built in 1984 and it is used for owner's residential purposes. In connection with this house Rs. 800 was spent on repairs, Rs. 200 was paid as fire insurance premium. The house remained vacant for three months as the owner had to stay in Chennai in a rented house in connection with her profession. He paid interest on loan Rs. 32,000.



- 3) The construction of third house was completed on 30 June 2002 and from 1st July 2002 it was letout for residential purposes on a rent of Rs. 2,500 p.m. Municipal tax Rs. 3,200 and interest on loan Rs. 16,000 were paid during the year 2007-08. Compute her income from house property for the A.Y. 2008-09.
14. Mr. Prasad own's three houses in Bangalore. The particulars in respect of his houses are given below from which you are required to compute his income from House property for the A.Y. 2008-09.

	House I	House II	House III
Construction completed	31-3-2006	31-3-2005	31-1-2004
How used	S.O.P	Letout	S.O.P
Municipal Value	30,000	45,000	40,000
Rent Received	-	44,000	-
Municipal Tax paid	10% of Municipal Value	10% of Municipal Value	10% of Municipal Value
Repairs	500	4,000	3,000
Fire insurance premium	-	800	500
Ground rent	300	400	300
Interest on loan taken For construction	-	5,000	1,000