

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

**2022**

**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.

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(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.

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

3. Answer any five from the following questions :  $5 \times 5 = 25$

(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?

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(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 :  $10 \times 2 = 20$

(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

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- (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

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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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