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BCMCMC 231

**III Semester B.Com. Examination, April 2021
(2020-21 Batch Onwards) (New Scheme) (Choice Based Credit System)
Group – I : Core Courses : COMMERCE
Direct Tax – I**

Time : 3 Hours

Max. Marks : 80

Instruction : Provide working notes *wherever* necessary.

SECTION – A

Answer **any four** questions :

(4×4=16)

1. Write a note on the term 'Person'. 4
2. Write an explanatory note on the term 'Assessee'. 4
3. State whether the following incomes from land situated in India are agricultural income or non-agricultural income : 4
 - a) Income from the sale of replanted trees.
 - b) Income from fisheries.
 - c) Compensation received from the insurance company on account of loss of crop due to flood.
 - d) Income from supply of water for irrigation purpose.
4. Mr. Samson, an Australian, has been living in India since 2009-10. He leaves India on 16-08-2019 on a visit to Germany and returns to India on 17-02-2020. Determine his residential status for the assessment year 2020-21. 4
5. Mr. Giridhar retired from service on 30th November of the previous year after serving for 29 years and 10 months. His last drawn salary was basic ₹ 40,000, D. A. 30% of basic. He received gratuity of ₹ 10,00,000. Earlier he had received ₹ 2,00,000 as gratuity which was then exempt from tax. 4

Compute taxable gratuity if he is :
Covered under the payment of Gratuity Act, 1972.

P.T.O.



6. From the following particulars, compute taxable house rent allowance :
- Basic salary ₹ 30,000 p.m.
 - D. A. ₹ 3,000 p.m. (40% Enters into retirement benefit)
 - Commission at 1% of the turnover of ₹ 10,00,000.
 - HRA received ₹ 5,000 p.m.
 - Rent paid by Mr. Kiran for the house at Hubli ₹ 7,000 p.m.

SECTION – B

Answer **any four** questions :

(4×8=32)

- Give the meaning and characteristics of the term 'Income'. 8
- Write a note on provident fund. Explain the income tax provisions relating to SPF, RPF and PPF. 8
- Define previous year. State the general rule of previous year. Explain the exceptions to the general rule. 8
- Mrs. Diana retired from service on 31st March 2020. After serving for 26 years and 8 months. Her Basic salary was ₹ 25,000 on 1-1-2020. D. A. ₹ 2,000 (Fixed). D.A. was considered for PF Benefits. Annual increment of ₹ 500 falls. Due on 1st September every year. She received gratuity of ₹ 8,00,000 and ₹ 2,00,000. As earned leave encashed. She had to credit 9 months approved earned leave. 8

Compute :

- Taxable gratuity if she is not covered under the payment of Gratuity Act.
- Taxable earned leave encashment



11. From the following particulars, compute the allowable deductions under Section 80C :

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- a) Life insurance premium of ₹ 25,000 on own life policy of ₹ 2,00,000. (Policy taken on 1-4-2018)
- b) Premium paid on the Life Policy of married daughter ₹ 8,000.
- c) Fixed deposit in Union Bank of India for 2 years ₹ 40,000.
- d) Contribution to RPF ₹ 12,000, Interest accrued thereon ₹ 1,000.
- e) Invested in Sukanya Samruddhi Account ₹ 2,000 p.m.
- f) Repayment of Housing Loan (including interest of ₹ 16,000) ₹ 30,000.
- g) Investment in NSC ₹ 20,000, Interest received on NSC matured ₹ 1,200.
- h) Deposited in PPF ₹ 25,000, interest accrued thereon ₹ 1,600 .

12. From the following particulars, compute the taxable perquisite value of rent free accommodation :

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- a) Basic salary ₹ 7,20,000 p.a.
- b) Bonus ₹ 20,000.
- c) D. A. 10% of basic (Forms part of retirement benefit)
- d) Commission ₹ 10,000.
- e) Medical allowance ₹ 2,000 p.m.
- f) Furnished accommodation provided to the employee for which rent paid by the company ₹ 1,20,000.
- g) The cost of furniture is ₹ 60,000, the company pays ₹ 700 p.m. as hire charges.



SECTION – C

Answer **any two** questions :

(2×16=32)

13. Define and explain the term 'Agricultural income'. What is the present position of agricultural income ? How the tax liability of an individual assessee is computed if he has both agricultural income and non-agricultural income ? Explain. 16
14. From the following information, compute the total income of Mr. Aziz, if he is : 16
- a) OR
- b) NOR
- c) NR.
- a) Salary received in Kolar (including ₹ 30,000 for service rendered in Dubai) ₹ 90,000.
- b) Business income from Bellary controlled from Italy ₹ 3,00,000.
- c) Dividend received from Swadeshi Co. ₹ 5,000.
- d) Agricultural income from Israel ₹ 40,000.
- e) Income from profession in London received there. The profession was set up in India ₹ 40,000.
- f) Gift from a friend in Paris received there ₹ 80,000.
- g) Interest on deposit with Kuwait Branch of Canara Bank ₹ 13,000.
- h) Property income in Sydney (Out of which ₹ 60,000 remitted to India) ₹ 3,00,000.

- i) Interest on Deposit with Delhi Branch of a Foreign Bank ₹ 35,000.
- j) Income from Business in Korea ₹ 1,00,000 controlled from India ($\frac{1}{2}$ of the income received in India)
- k) Income from U. K. Development Bonds ($\frac{1}{5}$ Received in Mandya) ₹ 5,00,000.
- l) Past untaxed Foreign Income Brought into India during the P. Y. ₹ 77,000.
- m) Interest on POSB A/c ₹ 6,000.
- n) Income accrued in India, received in U. S. A. ₹ 35,000.
- o) Income from Business in Chennai ₹ 80,000.

15. Compute taxable salary of Mr. Vinod from the following information :

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- a) Basic salary ₹ 30,000 p.m.
- b) Dearness allowance (25% of Basic).
- c) CCA ₹ 600 p.m.
- d) Children Education Allowance for three children ₹ 200 p.m. per child.
- e) Hostel allowance for two children ₹ 400 p.m. per child.
- f) Medical allowance ₹ 500 p.m.
- g) Daily allowance ₹ 700 p.m. (80% spent for official purpose).
- h) Bonus 1 month's basic.



- i) Co. has provided car of 1.4 CC for official and personal use. All the expenses of the car including Driver's salary are met by the Co.
- j) He contributes 13% of his salary to RPF with equal contribution from the Co.
- k) Interest credited to RPF at 10.5% p.a. amounted to ₹ 25,000.
- l) Profession tax paid by him ₹ 2,000.
- m) Reimbursement of medical bill amounted to ₹ 22,000. He took the treatment in the Govt. Hospital.
- n) The Co. gifted him a watch costing ₹ 4,000.

16. From the following information compute the taxable salary of Mrs. Bhavana : 16

- a) Basic salary ₹ 35,000 p.m.
- b) Dearness allowance ₹ 4,000 p.m. (50% Enters into retirement benefit)
- c) Bonus 1 month's basic.
- d) CCA ₹ 500 p.m.
- e) Medical allowance ₹ 400 p.m.
- f) Education allowance for two children ₹ 300 p.m. per child.
- g) Hostel allowance of ₹ 400 p.m. for one child.
- h) The Co. provided her a large car along with the driver which is used for official and personal purpose.
- i) Tiffin allowance ₹ 300 p.m.



- j) Two of her sister's children study in the school run by the Co. The cost in a similar institution in the locality is ₹ 1,600 p.m. per child.
 - k) She contributed 14% of her salary to RPF to which the Co. contributed 15%.
 - l) Interest credited to RPF at 11% p.a. amounted to ₹ 33,000.
 - m) The Co. met the electricity and water charges amounted to ₹ 2,000 p.m. and ₹ 800 p.m. respectively.
 - n) Profession tax paid by her ₹ 200 p.m.
 - o) Her son was admitted to a private hospital, medical bill amounted to ₹ 60,000. The Co. paid 50% of this bill amount.
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