

END TERM EXAMINATION

FIFTH SEMESTER [B.COM(HONS.)] NOVEMBER – DECEMBER 2017

Paper Code: B.COM-303

Subject: Income Tax Law and Practice

Time: 3 Hours

Maximum Marks: 75

Note: Attempt any five questions.

- Q1 (a) Write a note on determination of residential status of an individual. (10)
(b) How would you find out the residential status of a foreign company operating in India? (5)
- Q2 Mr. Bhasker is employed in Swami Co. Ltd. Mumbai. His salary details for the financial year 2016-17 are given below: (15)
(i) Basic salary Rs. 70,000 per month.
(ii) Dearness allowance 50% of basic salary (Eligible for retirement benefits)
(iii) House rent allowances Rs. 10,000 p.m. (Rent paid by employee Rs. 15,000 p.m.)
(iv) Bonus Rs. 30,000 per annum
(v) Both Mr. Bhaskar and his employer contribute Rs. 15,000 each per month towards pension scheme notified in section 80 CCD. Calculate the total income of Mr Bhaskar for the assessment year 2017-18. Determine the amount of contribution to the pension scheme eligible for deduction in the hands of employer.
- Q3 Give examples of income which are totally exempt from income-tax and an example of income which form part of total income but is exempt from income-tax at average rate. (15)
- Q4 Define 'perquisite'. How are the following perquisites valued? (15)
(i) Use of movable assets
(ii) Rent free accommodation
(iii) Use of Motor Car
- Q5 Explain the term 'Capital gain' under the income-tax Act. Distinguish between 'short term' and 'long term' capital gains. What is the meaning of the term 'cost of acquisition' as used for computation of capital gains? (15)
- Q6 Mr Shyam earns the following incomes during the financial year 2016-17: (15)
(a) Interest paid by Central govt. but received in London Rs. 40,000
(b) Pension from former employer in India received in America Rs. 64,000
(c) Profits earned from business in Paris which is controlled in India, half of the profits being received in India Rs. 1,60,000
(d) Income from agriculture in Pakistan and brought to India Rs. 80,000
(e) Income from property in U.K and received there Rs. 40,000

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- (f) Past foreign untaxed income brought to India in the previous year Rs. 50,000
(g) Gift in foreign currency from a relative received in India Rs. 80,000
Determine the total income of Mr Shyam for the assessment year 2017-18 if he is (i) Resident (ii) Not ordinarily resident and (iii) Non resident during the financial year 2016-17.

- Q7 (a) What is an income tax return? How returns are filled? Mention the changes in tax return omission which have taken place over a period. (10)
(b) Explain the procedure for refund of Tax. (5)
- Q8 Write a short note on **any three** of the following:- (5x3=15)
(a) Section 80C of the Income-tax Act 1961.
(b) Assessment year and Previous Year
(c) Gross total Income and Total income
(d) Clubbing of income of Minor.

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26/12/2017