

**F 7026**



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Reg. No.....

Name.....

**M.Com. DEGREE (C.S.S.) EXAMINATION, JANUARY 2022**

**Third Semester**

Faculty of Commerce

CM 010 302—INCOME TAX—LAW AND PRACTICE

(2019 Admissions)

[Private—Regular]

Time : Three Hours

Maximum Weight : 30

**Section A**

*Answer any **eight** questions.  
Answers shall not exceed **one** page.  
Weight 1 for each question.*

1. What is block of assets ?
2. What is gratuity ?
3. What is a domestic company ?
4. How to check company's residential status ?
5. What are tax free government securities ?
6. An employer has taken a house for rent for Rs. 15,000 per month. He allotted half for Mr. A and half for Mrs. B for residential purpose. The annual salary for A is Rs. 3,00,000 and that of B is Rs. 7,00,000. Find out the value of rent free house for Mr. A and Mrs. B.
7. Calculate the interest deduction for house property if the date of borrowing is on 1.04.2014 and date of completion of construction is on 31.12.2016. Loan is repaid as on 31.03.2021.
8. State with reasons specify whether following is agriculture income or not :
  - (a) Income from sale of trees of forest which are of spontaneous growth and in relation to which forestry operations alone are performed.
  - (b) Remuneration received as manager of agriculture land.
9. Out of Rs. 30,00,000 share capital of Rs. 100 per share, the company reduces Rs. 3,00,000 share capital Rs. 10 per share. The accumulated profits of the company were Rs. 1,50,000. Mr. ACC holds 600 shares of company. Calculate deemed dividend u/s 2(22)(d).





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10. State with reasons whether the following expenses are admissible under Income Tax Act :

- (a) Loss due to embezzlement by an employee.
- (b) Lump sum consideration paid on 1.07.2021 for acquiring technical know how Rs. 6,00,000.
- (c) Stock in trade loss due to fire amounting to Rs. 10,000 debited to profit and loss account.
- (d) Donation paid to a political party.

(8 × 1 = 8)

### Section B

*Answer any **six** questions.*

*Answers shall not exceed **two** pages.*

*Weight 2 for each question.*

- 11. What is deemed income ? Narrate with examples.
- 12. Explain how the tax liability of an assessee is determined with reference to his residence.
- 13. Discuss different kinds of agricultural income.
- 14. Mr. OP is owner of a big house and employed in school at Gujarat on a monthly salary of Rs. 25,000 p.m. Municipal valuation of his house is Rs. 21,000. He has let out 1/3<sup>rd</sup> of portion of his house on a monthly rent of Rs. 1,400 and occupies remaining 2/3 for residential purpose. He paid Rs. 1,200 as municipal taxes in respect of whole house and Rs. 1,200 paid as insurance. The house is constructed on lease land for which Rs. 600 is rent. He constructed the house with borrowed money of Rs. 2,00,000 which was borrowed after 31<sup>st</sup> March, 1999 @ 8 % p.a interest. Compute income from house property.
- 15. Mr. BBC, Kerala furnishes you the following information for the previous year :
  - (i) Income from coffee grown and cured in Coorg, Karnataka 3,00,000.
  - (ii) Income from tea grown and manufactured in Jorhat, Assam 2,50,000.
  - (iii) Income from Rubber estates in Kerala by sale of field latex obtained from rubber plants grown there. 4,00,000.
  - (iv) Income from nursery by name 'Haritha nursery', Chennai 2,00,000.
  - (v) Rent from a dwelling house in agricultural land in Coorg, Karnataka (It is occupied by the coffee estate labourers). 90,000.

Compute the agricultural income of Mr. BBC.

