Roll No. ☐☐☐☐☐☐☐☐☐☐☐☐ **Total No. of Pages : 03**

Total No. of Questions : 07

B.COM (2011 & Onwards) (Sem.–5)

INCOME TAX–I

Subject Code : BCOP-502

Paper ID : [B1151]

Time : 3 Hrs. **Max. Marks : 60**

INSTRUCTION TO CANDIDATES :

1. **SECTION-A is COMPULSORY consisting of TEN questions carrying TWO marks each.**
2. **SECTION-B contains SIX questions carrying TEN marks each and a student has to attempt any FOUR questions.**

SECTION-A

1. Write briefly :

1. To what extent pension is exempted from tax?
2. Give four examples of Capital receipts.
3. Define the concept "Assessee".
4. Discuss the head "Income from other Sources".
5. Explain the term Residential Status of a Person.
6. Explain the term "Assessment Year".
7. Define "Annual Value" as per house property head.
8. Define the concept "Net Total Income".
9. What is Clubbing of income?
10. What is Set off and Carry Forward of losses?

SECTION-B

2. What do you mean by clubbing of income? Discuss the circumstances when income of other persons can be included in the income of assessee.

3. Discuss the concept of deductions from gross total Incomes. Discuss would you determine the amount of deduction under section 80-C.

4. Explain in detail the provisions of Income-tax Act, 1961 regarding set off and carry forward of losses.

5. What the various categories of assesses according to their residential status? What conditions are laid down for determining the residential status of a person?

6. Mr. Malkiat owns two houses, the particulars of which are given below for the previous year 2015-16 :

	House A Rs.	**House A Rs.**
Annual rent	Nil	1,72,000 p.a.
Fair rent	5,00,000 p.a.	1,80,000 p.a.
Standard rent	5,00,000 p.a.	1,50,000 p.a.
Municipal valuation	4,90,000 p.a.	1,60,000 p.a.
Municipal taxes (paid)	49,000 p.a.	16,000 p.a.
Fire Insurance (due)	5,000 p.a.	3,000 p.a.
Ground rent paid	4,500 p.a.	3,900
Unrealized rent (pertaining to this year)	Nil	6,000
Interest on money borrowed during 1998-99 for construction of house (50% paid)	36,000 p.a.	48,000 p.a.
Nature of occupation	Self occupied	Let out

Compute income from house property for the assessment year 2016-17 assuming that the assessing officer is satisfied with the non recovery of rent.

7. From the following information compute taxable business income of Mr. Parm for the assessment year 2016-17. His Profit and Loss Account for the year ending March 31st, 2015 is as follows :

Particulars	**Rs.**	**Particulars**	**Rs.**
To salary to staff	6,10,000	By Gross Profit	25,65,600
To advertisement expenses paid in cash	28,000	By Sundry receipts	26,000
To Office expenses	1,06,000	By bad debts recovered	16,000
To rent and repairs	84,000	By Custom duty recovered (not allowed as deduction earlier)	12,000
To Legal expenses for filling income tax appeal	16,000	By Interest on Bank deposits	1,08,000
To Bad Debts	42,000	By Profit on sale of import license	65,000
To Depreciation	2,10,000	By Gift from father	18,000
To Reserve for bad doubtful debts	18,000	By profit on sale of shares	80,000
To Interest on bank loans	78,000		
To Commission	22,000		
To Interest on own capital	14,000		
To Household expenses	36,000		
To Income -tax for 2014-15	15,000		
To Donation to Political party	10,000		
To Sales tax	36,000		
To Sales tax penalty	12,000		
To Entertainment expenses	20,000		
To Extension of business premises	2,00,000		
To Net Profit	13,33,600		
	28,90,600		**28,90,600**

Following further information is given :

a) Salary to staff includes salary paid to a relative employee which is unreasonable upto Rs. 10,000.
b) Office expenses include a payment of Rs. 16,000 given to notified university for carrying on research.
c) Salary to staff includes a payment of pension of Rs. 8,400 to a widow of a former employee.
d) Office expenses include a gift of Rs. 2,000 given to a sales tax officer on Diwali.
e) Depreciation includes depreciation of personal car of manager Rs. 24,000.
f) Entertainment expenses include expenses incurred in a five-star hotel for entertaining a customer.
g) Interest on bank loans includes interest on loan taken to buy a personal car Rs. 20,000.
h) Bad debts of Rs. 5,000 allowed in the year 2013-14 were recovered during the year but were not recorded.

Determine business income for the assessment year 20l6-17.