

2019

(6th Semester)

COMMERCE

Paper : BC-604

(**Income-tax Law and Practice**)

Full Marks : 70

Pass Marks : 45%

Time : 3 hours

(PART : B—DESCRIPTIVE)

(Marks : 45)

*The figures in the margin indicate full marks
for the questions*

1. (a) Explain the following as per the
Provision of Income-tax Act : 3×3=9
- (i) Agricultural income
 - (ii) Person
 - (iii) Gross total income

Or

- (b) Explain the various incomes that are
exempted from tax under Income-tax
Act, 1961. 9

2. (a) Discuss briefly the different heads of income. 9

Or

- (b) From the following Profit & Loss A/c of Savi Metals, calculate income under the head profit and gains of business : 9

| Dr. | | | Cr. | | |
|-------------|---------------------------------|-----------------|-------------|------------------------|-----------------|
| Particulars | | ₹ | Particulars | ₹ | |
| To | Salary | 95,000 | By | Gross Profit | 4,50,000 |
| * | Advertisement (cash) | 24,000 | * | Interest on Securities | 15,000 |
| * | General Expenses | 16,000 | * | IPHP | 25,000 |
| * | Entertainment Expenses | 22,000 | * | Bad Debt Recovered | |
| * | Drawings | 24,000 | | Allowed Earlier | 15,000 |
| * | Interest on Proprietary Capital | 9,000 | | | |
| * | Repairs | 2,000 | | | |
| * | Legal Expenses | 5,000 | | | |
| * | Depreciation | 15,000 | | | |
| * | Bonus to Proprietor | 5,000 | | | |
| * | Car Purchased | 72,000 | | | |
| * | Donation | 2,000 | | | |
| * | Provision for Bad Debts | 3,000 | | | |
| * | Net Profit | 2,11,000 | | | |
| | | <u>5,05,000</u> | | | <u>5,05,000</u> |

From the examination of books of account, the following other information are available :

- (i) ₹ 2,000 was spent on purchase of land and is included in legal expenses
- (ii) Half of the repairs expenses were on let-out building
- (iii) Depreciation allowable on all assets including car is ₹ 14,400

3. (a) What is tax deduction at source? Explain the deduction of tax at source with regard to salaries. 2+7=9

Or

- (b) Calculate tax liability from the following information given by Mr. Sharma for Assessment Year, 2018-19 : 9

He was receiving a salary of ₹ 8,000 p.m. apart from conveyance allowance of ₹ 300 per month (₹ 150 p.m. actually spent)

He had a house whose GAV is ₹ 1,50,000, Municipal Tax—₹ 3,000 out of which ₹ 1,500 is paid by the tenant His income from other sources comes to ₹ 4,50,000

He has contributed ₹ 40,000 to PPF

He paid ₹ 5,000 towards medical insurance premium

4. (a) What is an Appellate Tribunal? Discuss the powers and functions of Appellate Tribunal. 2+7=9

Or

- (b) Define Advance Ruling. State the procedure to be followed on receipt of Application for Advance Ruling. 2+7=9

5. (a) List out the classes of income-tax authorities for the purposes of the Income-tax Act. Mention the procedure of appointment of income-tax authorities. 5+4=9

Or

- (b) Explain the powers of Commissioner (Appeal) of Income Tax. 9

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(Income-tax Law and Practice)

(PART : A—OBJECTIVE)

(Marks : 25)

The figures in the margin indicate full marks for the questions

1. Indicate whether the following statements are *True* or *False* by putting a Tick (✓) mark : 1×5=5

(a) The Income-tax Act came into force on 1st April, 1961.

True () *False* ()

(b) Section 17(1) of the Income-tax Act defines the term 'salary'.

True () *False* ()

(c) Any gain from sale of depreciable asset will always be treated as short-term capital gain.

True () *False* ()

(d) PAN is a 9-digit alpha-numeric card issued by the Income-tax Department.

True () False ()

(e) TDS is deposited in the Government Treasury.

True () False ()

2. Choose the correct answer and place its code in the brackets provided : 1×10=10

(a) 'Multiple tax system' principle comes under

(i) canon of expediency

(ii) canon of economy

(iii) canon of certainty

(iv) canon of diversity []

(b) Income-tax Act considers which of the following incomes for the purpose of payment of tax?

(i) Only legal income

(ii) Only illegal income

(iii) Both legal and illegal income

(iv) None of the above []

(c) Family pension received by legal heirs or widow,
will be taxed under the head

- (i) salary
- (ii) other sources
- (iii) Not taxed
- (iv) both salary and other sources []

(d) CBDT is constituted under the

- (i) CBRA, 1961
- (ii) CBRA, 1962
- (iii) CBRA, 1963
- (iv) CBRA, 1964 []

(e) Commissioner (Appeal) is appointed by the

- (i) CBDT
- (ii) Central Government
- (iii) Supreme Court
- (iv) Finance Minister []

(f) A director of a Ltd. Company is having

- (i) substantial interest
- (ii) material interest
- (iii) direct interest
- (iv) None of the above []

- (g) Deductions are always allowed only from
- (i) taxable portion of income
 - (ii) gross total income
 - (iii) net total income
 - (iv) exempted income []
- (h) House property held for charitable purposes shall be taxed under the head
- (i) income from house property
 - (ii) business income
 - (iii) other sources
 - (iv) None of the above []
- (i) An appeal to the Supreme Court is made against the judgement of
- (i) Commissioner (Appeal)
 - (ii) ITAT
 - (iii) Sub-ordinate Court
 - (iv) High Court []
- (j) Which of the Income-tax Authorities can exercise judicial powers?
- (i) Commissioner of Income Tax
 - (ii) Commissioner (Appeal)
 - (iii) ITO
 - (iv) Assistant Commissioner []

3. Write short notes on the following :

2×5=10

(a) Casual Income

(b) Gratuity

(c) Advance Payment of Tax

(d) Revisions

(9)

(e) Assessing Officer (AO)
