

**Subject Code : Bc/ITLP-604**

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**Booklet No. A**

Date Stamp .....

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**To be filled in by the Candidate**

BA / BSc / BCom / BBA / BCA  
6th Semester End Term  
Examination, **2020**

Subject .....

Paper .....

**To be filled in by the Candidate**

BA / BSc / BCom / BBA / BCA  
6th Semester End Term  
Examination, **2020**

Roll No. ....

Regn. No. ....

Subject .....

Paper .....

DESCRIPTIVE TYPE

Booklet No. B .....

**INSTRUCTIONS TO CANDIDATES**

- 1. The Booklet No. of this script should be quoted in the answer script meant for descriptive type questions and vice versa.**
- 2. This paper should be ANSWERED FIRST and submitted within 1 (one) Hour of the commencement of the Examination.**
- 3. While answering the questions of this booklet, any cutting, erasing, overwriting or furnishing more than one answer is prohibited. Any rough work, if required, should be done only on the main Answer Book. Instructions given in each question should be followed for answering that question only.**

*Signature of  
Scrutiniser(s)*

*Signature of  
Examiner(s)*

*Signature of  
Invigilator(s)*

**Bc/ITLP-604**

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( 6th Semester )

**COMMERCE**

Paper : BC-604

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

( PART : A—OBJECTIVE )

( Marks : 25 )

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

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

(a) Under Section 10(1), agricultural income is

(i) fully exempted

(ii) 50% exempted

(iii) 75% exempted

(iv) None of the above [       ]

(b) The period of 12 months commencing from 1st April till 31st March the next year is called

(i) present year

(ii) previous year

(iii) financial year

(iv) None of the above [       ]

- (c) The year which is taxable is called
- (i) assessment year
  - (ii) previous year
  - (iii) current year
  - (iv) None of the above [       ]
- (d) The aggregated income from all heads of income is called
- (i) annual income
  - (ii) net income
  - (iii) gross total income
  - (iv) None of the above [       ]
- (e) The whole Income Tax Department is looked after by the
- (i) Enforcement Directorate
  - (ii) Law Enforcement Agency
  - (iii) Central Board of Direct Taxes
  - (iv) None of the above [       ]
- (f) The Inspectors of Income Tax are appointed by
- (i) the Chief Commissioner or Commissioner of Income Tax
  - (ii) the President of India
  - (iii) the Chief Justice
  - (iv) None of the above [       ]

(g) The Income-tax Act, 1961 came into force on

(i) 1st April, 1960

(ii) 1st April, 1962

(iii) 1st April, 1961

(iv) None of the above [       ]

(h) Anything that comes in under Income-tax Act is called

(i) receipt

(ii) income

(iii) profit

(iv) None of the above [       ]

(i) Which of the following is not a part of total income computation?

(i) Salary

(ii) House property

(iii) Capital gain

(iv) Lottery prize [       ]

(j) 'Person' is defined under which Section of the IT Act?

(i) Section 2(30)

(ii) Section 2(31)

(iii) Section 2(32)

(iv) Section 2(33) [       ]

( 4 )

2. State whether the following statements are *True* or *False* by putting a Tick (✓) mark in the brackets provided : 1×5=5

(a) A person not paying tax is liable to penalties.

*True* ( )      *False* ( )

(b) Section 2(30) explains about non-resident assessee.

*True* ( )      *False* ( )

(c) Tax cannot be paid in advance.

*True* ( )      *False* ( )

(d) Income from other sources is included in the computation of total income.

*True* ( )      *False* ( )

(e) Refund is not permitted in Income Tax under the IT Act.

*True* ( )      *False* ( )

( 5 )

3. Write short notes on the following : 2×5=10

(a) Ordinary Resident

( 6 )

*(b)* Gratuity

( 7 )

(c) Casual Income



( 8 )

(d) Perquisites

( 9 )

(e) Agricultural Income

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**2 0 2 0**

( 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) Define the term 'income' as per the Income-tax Act. What are the important features of 'income tax' in India? 2+7=9

Or

- (b) Discuss briefly the scope of total income of a person on the basis of residence. 9

2. (a) How is 'annual value' ascertained in computation of the income from house property? What are the deductions allowed from annual value? 6+3=9

Or

- (b) From the following information submitted by Mr. Singh, compute his taxable salary for the assessment year 2019-2020 : 9

- (i) Basic salary—₹ 20,000 p.m.  
(ii) Dearness allowance—₹ 2,000 p.m. (60% of which forms part of the salary for retirement benefits)  
(iii) City compensatory allowance—₹ 200 p.m.  
(iv) House rent allowance—₹ 4,000 p.m. (he pays ₹ 6,000 p.m. as rent for a house situated in Kolkata)  
(v) Children education allowance—₹ 240 p.m. for 3 children  
(vi) Hostel allowance—₹ 1,400 p.m. for 2 children  
(vii) Medical allowance—₹ 1,000 p.m.  
(viii) Servants (paid by employer) :  
(1) Salary to watchman—₹ 2,000  
(2) Salary to sweeper—₹ 2,000  
(3) Salary to gardener—₹ 2,000

( 3 )

- (ix) Motor car of 1400 CC engine cubic capacity was provided by employer with driver for both official and personal purposes
- (x) Professional tax of ₹ 600 is paid by employer
- (xi) Mr. Singh contributes ₹ 1,200 p.m. to his recognized provident fund to which his employer contributes equal amount
- (xii) The interest @ 11% p.a. amounting to ₹ 44,000 was credited to his provident fund for year ending 31.3.2019

3. (a) Discuss the provisions of Income-tax Act relating to advance payment of income tax.

9

Or

(b) From the particulars given below, compute the total income and tax liability of Mr. Sen, a Central Government employee :

6+3=9

- (i) (1) Salary—₹ 25,000 p.m.  
(2) His contribution to statutory provident fund—₹ 1,700 p.m.

( 4 )

- (3) Employer's contribution to statutory provident fund—  
10% of salary
- (4) Interest on accumulated balance of statutory provident fund  
@ 13%—₹ 12,000
- (5) Entertainment allowance—  
₹ 1,000 p.m.

(ii) He owns two houses, one of which is let out at a rent of ₹ 400 p.m. and other (whose annual value is ₹ 1,000) remained vacant throughout the year on account of his employment at Kohima where he has taken a house on rent. The two houses are subject to Municipal Taxes of ₹ 600 and ₹ 100 respectively

(iii) During the year he sold shares of Hero Honda Ltd. and earned a short-term capital gain of ₹ 50,000 (short-term capital gain tax paid)

(iv) He earned ₹ 11,500 as interest from government securities and bank interest on fixed deposits ₹ 11,000 and on a savings account ₹ 10,600. He pays life insurance premium of ₹ 25,000 on his life policy of ₹ 4,00,000

4. (a) Briefly describe the procedures of filing appeal to the Commissioner (Appeals) and Income Tax Appellate Tribunal under the Income-tax Act, 1961. 9

*Or*

- (b) Describe the provisions of Income-tax Act regarding revision of order by the Commissioner of Income Tax. 9

5. (a) What is Central Board of Direct Taxes? Explain their powers and functions. 2+7=9

*Or*

- (b) What are the various income tax authorities envisaged in the Income-tax Act, 1961? Briefly discuss their functions. 2+7=9

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