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(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
