

(b) Fill in the blanks :

- 6 Cost of acquisition of assets purchased before 1.4.2001 is _____.
- 7 _____ income is non-repeating and non-recurring.
- 8 _____ is the rate of tax arrived at by dividing the tax by the total income.
- 9 A parent on behalf of a minor child is called _____.
- 10 The apex authority for direct taxes in India is _____.

(10 × 1 = 10 marks)

Part II

Answer any eight questions.

Each question carries 2 marks.

- 11 What do you mean by grossing up of income ?
- 12 Discuss the taxability of gift.
- 13 Explain annual accretion and transferred balance.
- 14 Distinguish between long term capital gain and short term capital gain.
- 15 Explain block of assets.
- 16 What is previous year ? What are the exceptions to the rule of previous year ?
- 17 Define profits in lieu of salary ?
- 18 Briefly mention any *four* deductions allowed to a businessman in computing profits under section 30 to 36 of the Income Tax Act 1961.
- 19 Distinguish between Gross Total Income and total income.
- 20 Briefly explain 1) Indexation ; and 2) Aggregation of income.

(8 × 2 = 16 marks)

Part III

Answer any six questions.

Each question carries 4 marks.

- 21 What do you mean by clubbing of income ? Explain the provisions relating to clubbing of incomes.
- 22 Describe the provisions of Section 80D, 80DD and Section 80DDB of the Income Tax Act 1961.

23 Mr. Raja sold the following assets during the year 2019-20 :

- 1) BMW car (used for personal purposes only) ₹ 50,00,000. The car was purchased one year back for ₹ 40,00,000.
- 2) Platinum necklace ₹ 15,00,000 (used for personal purposes only, received as gift one year back, on the occasion of marriage, cost not known but fair market value on the date of gift ₹ 7,00,000)
- 3) 50,000 shares of South Indian Bank Ltd, ₹ 12,50,000 (purchased in June 2019 for ₹ 10,00,000.
- 4) Agricultural land in urban area ₹ 60,00,000 (purchased in March 2006 for ₹ 20,00,000, CII for 2006-07- 117 and 2019-20-289).

Compute Capital gain chargeable to tax during the Assessment Year 2020-21.

24 Mr. Amal, a bank officer, receives ₹ 26,000 p.m. as salary and ₹ 1,000 p.m. as dearness allowance. He is also getting entertainment allowance of ₹ 800 p.m. he is also getting a bonus equal to 3 months' pay. He resides in a house taken on rent by the bank, whose rent is ₹ 4,000 p.m. He paid employment tax ₹ 2,500 during the previous year. Compute his income under the head salaries for the Assessment Year 2020-21.

25 Given below is the P and L Account of a Timber Merchant for the year ended 31.3.2020 :

<i>Particulars</i>	<i>Amount in ₹</i>	<i>Particulars</i>	<i>Amount in ₹</i>
Opening stock	25,000	Sales	6,00,000
Purchases	2,50,000	Rent of property	15,000
Wages	1,00,000	Closing stock	35,000
Audit fees	1,000		
Repairs (house property)	2,000		
General charges	1,500		
Commission for raising loan	1,000		
Bad debts reserve	500		
Bad debts	2,000		
Interest on capital	10,500		
Contribution to staff welfare fund	2,500		
Provision for income tax	1,500		
Depreciation (allowable)	2,500		
Net Profit	2,50,000		
	6,50,000		6,50,000

You are required to compute his income under the head Income from Business for the Assessment Year 2020-21.

Turn over