



Reg. No. :

Name :

Seventh Semester B.A. LL.B./B.B.A. LL.B./B.Com. LL.B. (Five Year Integrated) Degree Examination, February 2017
Paper – III/Paper – IV : PRINCIPLES OF TAXATION LAW

Time : 3 Hours

Max. Marks : 80

PART – I

I. Answer **any five** of the following. **Each** question carries **2** marks. Answers should **not** exceed **50** words.

- a) “No tax shall be levied or collected except by authority of law” – Explain.
- b) Explain the expressions ‘Assessment Year’ and ‘Previous Year’.
- c) What is ‘total income’ and how is it computed ?
- d) What will be the tax treatment if income under the head “Income from House Property” is negative ?
- e) Briefly explain the income tax treatment of ‘bad debts’.
- f) Define ‘net wealth’ under the Wealth Tax Act, 1957.
- g) Who is an “assessee” under the Kerala Agricultural Income Tax Act ?

(5×2=10 Marks)

PART – II

II. Answer **any four** of the following. **Each** question carries **4** marks. Answers should **not** exceed **120** words.

- a) Distinguish between ‘Capital Expenditure’ and ‘Revenue Expenditure’.
- b) Explain how the residential status of a company is determined.
- c) What is a perquisite ? What are the conditions to be satisfied for the taxability of perquisites ?
- d) Distinguish between long-term capital gain and short-term capital gain.
- e) Explain the income-tax treatment of ‘House Rent Allowance’.

(4×4=16 Marks)



PART – III

III. Answer **any four** of the following. **Each** question carries **6** marks.

- a) Determine the residential status for the assessment year 2014–15, of Varun, an Indian Citizen, who leaves India for employment in Canada on July 1st, 2013.
- b) Ashik, a government servant, retires on 1st of June, 2013 after 22 years and 9 months' service. He receives gratuity of Rs. 15,00,000. Determine the amount of exemption of gratuity if he was drawing a basic salary for 10 months preceding the month of his retirement at Rs. 40,000 p.m.
- c) A jeweller converts his ancestral gold ornaments into the stock-in-trade of his jewellery business on 01/01/2002. The ornaments were actually sold on 31/12/2011 for Rs. 15 Lakhs. The market value of these ornaments was Rs. 5 Lakhs on 01/04/81 and Rs. 12 Lakhs on 01/01/2002. Compute the taxable capital gains. (Cost Inflation Index for the F.Y. 2001–02 = 426)
- d) John has some agricultural land in Kottayam. John employs Joseph to carry out agricultural activities at a remuneration based on the value of agricultural produce. Joseph remits the sale proceeds of the agricultural produce to John after deducting his share of remuneration. Discuss the tax liability of John and Joseph.
- e) Mr. 'X', a Government employee, submits the following particulars of his income : Salary Rs. 1,44,000; Dearness Allowance Rs. 96,000; City Compensatory Allowance Rs. 3,600; HRA Rs. 12,000; Contribution to GPF Rs. 24,000; Life Insurance Premium Rs. 12,000 and Premium towards Medi-claim policy Rs. 4,000. Compute his total income for the Assessment Year 2014–15 assuming that he resides in own house. **(4×6=24 Marks)**

PART – IV

IV. Answer **any three** of the following. **Each** question carries **10** marks.

- a) "The incidence of taxation varies with change in the residential status of the assessee". Explain.
- b) Discuss the different types of assessment under the Income Tax Act.
- c) State the various authorities under the Kerala Agricultural Income Tax Act and explain their powers and functions.
- d) Discuss the provisions of the Income Tax Act relating to set-off and carry forward of business losses. **(3×10=30 Marks)**