

**B.Com. II Year Annual Mode
Income Tax and Auditing
Code : B-104**

पूर्णांक : 100
M.M. : 100

*Attempt any two questions in all.
All questions carry equal marks.*

किन्हीं दो प्रश्नों के उत्तर दो।
सभी प्रश्नों के अंक समान हैं।

(Write your Name and Roll No. on each page of your answer sheet.)
(अपनी उत्तर पुस्तिका के प्रत्येक पृष्ठ पर अपना नाम और रोल नंबर लिखें।)

- 1(a) List out five incomes which are exempt from tax under Income Tax Act.
1(b) Discuss the tax treatment of provident fund in details.
1(c) Write a short note on tax treatment of gratuity.
1(d) Mrs. X has the following income during the previous year 2019-20:

		Rs.
(i)	Salary	6,20,000
(ii)	Dearness Allowance (forming part of salary for retirement benefits)	1,44,000
(iii)	Medical Allowance (Actual expenditure Rs. 56,000)	60,000
(iv)	Education Allowance (for three children)	10,400
(v)	Rent-free house in Delhi for which X Ltd., the employer, paid Rs. 10,000 p.m. as rent. The house is equipped with rented furniture. The rent of the furniture is Rs. 6,000 p.m.	
(vi)	The employer had provided her a domestic servant, a sweeper and a watchman. The employer paid Rs. 1,000 p.m. to each.	
(vii)	The employer spent Rs. 5,000 on her refresher course.	
(viii)	The employer paid her telephone bills of Rs. 5,000	
(ix)	Professional tax paid by Mrs. X is Rs. 2,400	

Compute her taxable income for the assessment year 2020-21 assuming that she has no other income.

- 2(a) List out five incomes which are not always taxable under the head income from house property.
2(b) Explain the exemption u/s 54EC in respect of long term capital gains from transfer of long term capital assets.
2(c) Incidence of tax depends upon the residential status of an assessee. Discuss with suitable examples.

Assignment

- 2(d) Rohit owns a house property in Delhi. From the particulars given below, compute the income from house property for the assessment year 2020-21:

	Rs.
Municipal Value	2,00,000
Fair Rent	2,52,000
Standard Rent	2,40,000
Actual Rent (Per Month)	23,000
Municipal Taxes	20% of Municipal Value
Municipal Taxes Paid during the year	50% of tax levied
Expenses on Repairs	20,000
Insurance Premium	5,000

Rohit had borrowed a sum of Rs. 12,00,000 @ 10% p.a. on July 1, 2017 and the construction of the property was completed on February 28, 2019.

- 3(a) Define the term capital asset as per Section 2(14) of the Income Tax Act, 1961.
3(b) Write short note on set off and carry forward of capital losses.
3(c) Explain the clubbing provision whereby an individual is assessable in respect of the income earned by spouse.
3(d) Explain deduction u/s 80E in respect of interest on loan taken for higher education.
- 4(a) “Accounting is a necessity to business but auditing is a luxury.” Comment.
4(b) What is meant by internal check system? Suggest a suitable system of internal check for wage payments.
4(c) Describe the provisions of Companies Act, 2013 with regard to rights and duties of company auditor.
4(d) Write short note on audit working papers.