

## **Questions of Income Tax**

1. What is Income? Explain the fundamental principles of determining income.
2. “Income earned during the previous year is taxed in the assessment year.” Explain this rule and state its exception.
3. “Income tax is charged on the income of the previous year.” Do you fully agree with this statement? If not, what are the exceptions?
4. Define agricultural income. Give example of incomes which are related to land, but are not agricultural income
5. Write short-notes on the following
  - i) Previous year
  - ii) Assessee
  - iii) Partly agricultural Income
  - iv) Income
6. How is the residence of assessee determined for income-tax purpose ? Explain the relationship between residence and tax-liability.
7. How is residence of assessee determined for Income-Tax purpose? What are the different categories in which an individual assessee can be divided with regard to residence.
8. Discuss the incomes exempted in hands of non-resident assessee.
9. State the difference between:
  - a) Resident, b) Not-ordinary resident and c) Non-resident

10. State the incomes to which Income Tax does not apply?
11. What do you understand by the term salary? What is included in perquisites and in profits in lieu of salary?
12. What are the various deductions which are to be allowed in computing income from salary.
13. Write short-notes on the following :
  - i) Gratuity
  - ii) House Rent Allowance
  - iii) Commutation of Pension
  - iv) Encashment of leave salaries.
14. What is annual value and how is it determined.
15. Write a brief note in respect of the following:
  - i) Standard deduction from annual value of house property
  - ii) Unrealised rent
  - iii) Deduction in respect of interest
  - iv) Recovery of unrealized rent of a period prior to the previous year.
16. Write short-notes on the following :
  - i) Written down value
  - ii) Unabsorbed depreciation
  - iii) Actual cost
  - iv) Investment Allowance
  - v) Tea, Coffee and Rubber Development Account
17. What is depreciation? Explain the provisions of Income Tax Act, 1961 regarding depreciation allowance.

18. Specify the expenses which are expressly allowed in computing taxable profits from business.
19. What do you mean by Capital gains? How are capital gains calculated?
20. Write short-notes on :
  - i) Capital Assets
  - ii) Cost of acquisition of Capital Assets
  - iii) Transfer of capital asset
  - iv) Computation of capital gains in case of depreciable assets.
21. Discuss the provisions of Income Tax Act relating to the set off and carry forward of losses.
22. Explain the circumstances under which the income of other persons are included in the total income of the assessee.
23. Discuss the provisions relating to deductions from gross total income from the following:
  - i) Donation to certain funds and charitable institutions
  - ii) Life insurance Premium, Contribution to provident fund and other payments.
24. Explain the procedure of computation of tax payable by a firm as such.
25. What do you mean by partnership firm? What conditions should be satisfied for the assessment of a partnership firm as such?