

VIDYA BHAWAN BALIKA VIDYA PITH

शक्तिउत्थानआश्रमलखीसरायबिहार

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CHARTERED ACCOUNTANT INTERVIEW QUESTIONS & ANSWERS

1. Question 1. List The Five Heads Of Income To Calculate Total Income Of The Assessee?

Answer :

- Income from Salaries
- Income from House Property
- Profits from Business and Profession
- Income from Capital Gains
- Income from Other Sources

2. Question 2. What Is Gratuity?

Answer :

Gratuity is the amount payable by the employer to the employee as recognition for the long term association of the employee with the employer.

It may be payable by the employer in two ways:

- On employee's retirement.
- On the death of the employee to the legal heirs of the employee.

But in both the cases the treatment will be different. The amount paid by the employer to the employee on his retirement is taxed as 'Income from Salaries' while the amount paid by the employer on the death of the employee is taxed as 'Income from Other Sources'.

3. Question 3. What Is Pension?

Answer :

Pension is a periodical payment received by the employee from the employer after he ceases to be the employee. It is taxed as Salary.

Calculation of pension is done in two forms:

- Uncommuted Pension - is regular periodical pension to employee which is taxable to all kinds of employees.
- Commuted Pension is a lump sum payment in lieu of periodical pension.
- If such pension is received by government employee then it is wholly exempt.

Non government employees can avail exemption to a certain extent:

- If employee is in receipt of gratuity, 1/3 of commuted value.
- If not, then one half of commuted value.

4. Question 4. List The Criterion For Exemption Of H.r.a?

Answer :

H.R.A depends upon the following:

- Salary of the employee
- House Rent Allowance
- Rent paid by the employee
- The place where the house is taken on rental basis.

5. Question 5. Explain The Difference Between Short Term Capital Asset And Long Term Capital Asset?

Answer :

Short term capital assets are those assets which are held by an assessee for not more than 36 months, immediately prior to its date of transfer.

But in the following cases an asset held for not more than 12 months is treated as short term capital asset:

- Equity or Preference shared in a company.
- Securities listed in a recognized stock exchange in Country.
- Units of UTI
- Units of a mutual fund specified under sec 10(23D)

6. Question 6. Tell Me What Types Of Income Is Included Under The Head Of Income From Other Sources?

Answer :

- Bank Interest
- Interest on deposits with the companies
- Interest received on delayed refund of income tax
- Interest on Loan
- Insurance commission
- Agricultural income received from a land situated outside the Country
- Sitting fees received by a director for attending board meetings
- Remuneration received by a Member of Parliament
- Family Pension - The amount of pension received by the legal heirs of a deceased employee.
- Interest on Income Tax Refund.

7. Question 7. Describe Allowances Which Are Fully Taxable?

Answer :

- Dearness Allowance
- City Compensatory Allowance
- Medical Allowance
- Lunch Allowance
- Servant Allowance
- Family Allowance
- Warder Allowance

- Overtime Allowance
- Family Allowance

8. Question 8. What Is Superannuation Fund?

Answer :

Superannuation fund is an employee welfare scheme which is usually applicable in case of very senior employees. When the employee ceases to be the employee, employee's contribution, employer's contribution and the interest thereon is paid to the employee and in case of death of the employee to the legal heirs of the employee.

9. Question 9. Which Employers Are Covered Under Voluntary Retirement Scheme?

Answer :

- A Public Sector Company
- Any other Company
- An authority established under a Central or State Act
- A local Authority
- A Co-operative Society
- A University

10. Question 10. What Main Items Are Included In Salary?

Answer :

- Wages
- Annuity or Pension
- Gratuity
- Fees commission, perquisites or profits in lieu of salary or in addition to salary or wages
- Advance of Salary
- Payment received from the employer for the period of leave not availed.