

**SHRIMATHI DEVKUNVAR NANALAL BHATT VAISHNAV COLLEGE FOR WOMEN
(AUTONOMOUS)**

(Affiliated to the University of Madras and Re-accredited with 'A+' Grade by NAAC)
Chromepet, Chennai — 600 044.

B.Com. END SEMESTER EXAMINATION APRIL/NOV - 2021

SEMESTER - V

18UCOCE5A01 - Income Tax Law and Practice - I

Total Duration : 3 Hrs	Total Marks : 75
MCQ : 30 Mins	MCQ : 15
Descriptive : 2 Hrs.30 Mins	Descriptive : 60

Section B

Answer any **SIX** questions ($6 \times 5 = 30$ Marks)

1. Explain the term 'Assessee'. State the different classes of Assessees.
2. List out ten incomes exempted u/s 10 of the income tax act 1961.
3. Mr. R is employed with ABC Ltd. Since 1990. He is entitled to the following from his employer for the AY 2021-22.

Particulars	Rs.
Basic salary	12,000 p.m.
D.A.	200 p.m.
Children education allowance for three children	4,800 p.a.
Hostel expenditure allowance for three children	6,000 p.a.
Bonus	1,800 p.a.
Commission	2,000 p.a.
Employer's contribution to RPF	7,000 p.a.
Club bills paid by employer	8,000 p.a.
Income Tax paid by employer	8,000 p.a.

Find out whether the employee is covered under Sec. 17(2)(iii)

4. Mr. A is working in a private concern in Hyderabad he gets a Basic Salary of Rs.15,000 p.m. Dearness Allowance Rs.2,500 p.m. (50% forming part of salary) Bonus Rs.6,000 and City Compensatory Allowance Rs.400 p.m. He has been provided a Rent-Free house by the company, the Fair Rental value of which is Rs.2,500 p.m. Calculate the taxable value of perquisite for the AY 2021-22.
5. Determine the amount of interest Mr. K for pre-construction period:
Amount borrowed rupees 10,00,000 at 12% per annum
Date of borrowing 01.04.2014
Date of repayment 31.07.2018
Date of completion of construction of the house 18.01.2020
6. What is PAN? Explain the features of PAN.

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7. Mr.J is engaged in the business of manufacturing glass. On 01.04.2020 the written down value of his various assets was As given below:

Particulars	Plant and Machinery	Building
WDV at the beginning of the Year	5,00,000	20,00,000
additions during the year (01.08.2020)	6,00,000	Nil
sales of a part of the asset during the year	10,00,000	4,00,000

The rate of depreciation for plant and machinery is 15% and building 10%. Compute depreciation for the previous year 2020-21 and written down value on 31.03.2021.

8. Dr. Z is a medical practitioner in Chennai. From the following particulars calculate his income from profession for the AY 2021-22.

Particulars	Rs.
Gross receipts from dispensary	2,85,000
Gross receipts from consultancy	1,65,000
Operation fees	2,50,000
Visiting fees	50,000
Gift from patients	30,000
Medicines purchased	1,25,000
Closing stock of Medicine	35,000
Opening stock of Medicine	10,000
Salary to employees	1,50,000
Medical books purchased	30,000
Dr. Z went to attend a medical seminar in London to update knowledge and spent Rs.80,000 on it	

Find out whether the employee is covered under Sec. 17(2)(iii)

Section C

Answer any **THREE** questions ($3 \times 10 = 30$ Marks)

9. Mr.D an Italian Citizen, comes to India for the first time (after 20 years) on 1st June 2020, and stays up to November 30, 2020. He has furnished the details of his income received during the PY 2020-21:
- Income from agriculture in Italy – Rs.20,000.
 - Dividend received in Italy from Italian Co – Rs.12,000.
 - Income from HP in Italy deposited in a bank in India – 25,000.
 - Profit from business in Italy but received in India – Rs.80,000.
 - Commission received in India for the services rendered in Italy – Rs.16,500.
- Determine the residential status on D and compute his total income.

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SEMESTER - V

18UCOCE5A01 - Income Tax Law and Practice - I

10. Mr. X owns three houses two of which are self-occupied, the particulars of which are as under:

Particulars	House I	House II	House III
Municipal Value	70,000	1,00,000	2,00,000
Fair Rental Value	82,000	1,30,000	2,20,000
Standard Rent	—	1,10,000	2,30,000
Actual Rent	—	—	2,00,000
Repair	10,000	20,000	5,000
Insurance	6,000	7,000	3,000
Municipal Taxes	5,000	10,000	15,000
Land Revenue	8,000	3,000	4,000

Interest on money borrowed for construction of property II is Rs.50,000. Date of borrowing of the loan is 1.10.2017. Find the net income from the house property.

11. For the PY 2019-20 Mr.Z submits the following information:

- (a) Basic salary Rs.2,20,000.
- (b) D.A Rs.40,000 (50% of which forms part of salary).
- (c) Commission Rs.8,000 (2% of Rs.4,00,000 being turnover achieved by the employee).
- (d) Bonus Rs.4,000.
- (e) Children Education Allowance for his 3 children Rs.9,000.
- (f) Hostel Expenditure Allowance for 3 children Rs.15,000.
- (g) Employer contributes Rs.30,000 towards the provident fund to which matching contribution is made by the employee.
- (h) Interest credited to provident fund @15% comes to Rs.36,000.

Find out the Gross Income of Mr.D if the provident fund is a Recognised Provident Fund.

12. Following is the P&L A/c of M/S XYZ & Co.

Particulars	Rs.	Particulars	Rs.
To General Expenses	9,000	By Gross Profit	1,47,000
To Bad Debts	1,000	By Bad Debt Recovered (disallowed earlier)	4,000
To Salaries	65,000	By Interest from govt. sec.	4,000
To Advertisement (cash)	22,250	By Interest from debtors for delayed payments	6,000
To Proprietor's salary	12,500		
To Interest on capital	2,000		
To Income Tax	1,000		
To Depreciation	2,000		
To Advance income tax paid	1,000		
To Donation	5,500		
To Motor car exp.	750		
To Net profit	39,000		
	1,61,000		1,61,000

Other Information:

- General expenses include Rs.2,200 to help poor students.
 - Depreciation calculated according to IT Rules is Rs.2,900.
 - 50% of motor car expenses are for proprietor's personal use.
- Compute business income.

13. Explain different types of assessment.