

**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 EXAMINATIONS APRIL-2022

SEMESTER - V

18UCOCE5A01 - Income Tax Law and Practice – I

Total Duration : 3 Hrs.

Total Marks : 60

Section A

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

1. Mr. Williams is a German Citizen. During the financial year 2020 – 21 he was in India for 120 days. Determine his residential status for the assessment year 2020-21 on the assumption that during the Financial years 2010 – 11 to 2019 – 20 he was present in India as follows;

2010 – 2011	20 days
2011 – 2012	16 days
2012 – 2013	28 days
2013 – 2014	30 days
2014 – 2015	50 days
2015 – 2016	150 days
2016 – 2017	59 days
2017 – 2018	59 days
2018 – 2019	182 days
2019 – 2020	182 days

2. Details of an Employee's Salary;

Particulars	Rs.
Salary	80,000
DA (Dearness Allowance)	8,000
CCA (City compensatory allowance)	2,000
MA (Medical Allowance)	1,500
Club bills paid by employer	4,000
Professional tax paid by employee	1,500
Employer's contribution to RPF	6,000
Interest on RBF at 10%	12,000

From the above details, find out whether the employee is a specified employee under each of the situations given below;

- i) He is neither a director in the company nor holds any shares in the company.
- ii) He is director in the company.
- iii) He holds 25% share capital of the company.
- iv) He holds 18% of share capital of the company.

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3. 'X' owns a house property. It is used by him throughout the previous year 2020 – 21 for his residence. Municipal value of the house is Rs.40,000, whereas fair rent is Rs.50,000. Municipal tax paid by him was Rs.4,000. X borrowed Rs.10,00,000 on 1-1-2014 at 10% p.a. for construction of the house. The construction was completed on 1-10-2016. Compute the income from house property for the assessment year 2012-2022.
4. Mr. Rajan submits the following particulars of his business from which you calculate the income from business. Net Profit as per P/L A/c (After charging the following) Rs.1,25,000.
 - a) Sales tax Rs.20,000 and Income Tax Rs.55,000.
 - b) Bad debts provision Rs.3,000.
 - c) Commission to procure business order Rs.8,000.
 - d) Int. on capital Rs.38,000.
 - e) Depreciation Rs.4,000 (But as per income tax rules Rs.2,000 only)
5. What are the different types of Assessment?
6. Explain the income exempted from income tax.
7. Write a note on Annual Value.
8. Explain the Canons of taxation.

Section B

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

9. Mr. Ramesh & Mr. Suresh are brothers and they earned the following incomes during the PY.2020-21. Mr. Ramesh settled in Canada in the year 2004 and Mr. Ramesh settled in Delhi. Compute the total income for the AU 2021-22.

	Mr. Ramesh	Mr. Suresh
Interest on Canada development bond (50% received in India)	35,000	40,000
Dividend from British Company, received in London	28,000	20,000
Profit from a business in Nagpur, but managed directly from London	1,00,000	1,40,000
STCG on sale of shares of an Indian Co. received in India	60,000	90,000
Income from a business in Chennai	80,000	70,000
Life insurance premium paid	-	30,000
Rent from HP in Bhopal	1,00,000	60,000

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10. From the following details compute the income of 'A' who is employed by R Ltd. for the assessment year 2021 – 22.

Particulars	Rs.
Basic Salary	1,16,000
Dearness allowance (Considered for service benefits)	28,000
High cost of living allowance	30,000
House rent allowance (Actual rent paid is Rs.60,000 in Delhi)	48,000
Commission (At 2% of turnover achieved by A)	18,000
Insurance premium of ICICI Prudential on policy in the name of Mrs. A (Sum assured Rs.2,00,000) paid by 'A'	44,000
Own life LIC Premium paid	90,000
Deposit in PPF	70,000

On 10th March, 2020 'R' Ltd. offers equity shares to employees at the rate of Rs.410 per share (Market price Rs.600 per share on 10th March, 2021). 'A' accepts the offer and as per terms of the offer applies for 500 shares on 20th March 2021 (Market price on 20th March, 2021 Rs.590 per share). Calculate the amount eligible for deduction u/s 80C.

11. Mr. Landlord is the owner of two houses. In respect of these he has furnished the following particulars;

	House II	House III
a. Date of completion of construction	31.3.1996	1.7.2000
b. Municipal Rental Value	3,60,000	6,00,000
c. Actual rent received	3,00,000	60,000 p.m
d. Municipal taxes paid	36,000	30,000 (Due)
e. Ground rent	1,000	7,800
f. Interest on loan taken for construction	50,000	1,82,000

Compute his income from house property for the assessment year 2021-22. Out of the Municipal taxes of house 'A', Rs.18,000 are paid by the tenant.

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SEMESTER - V

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12. Mr. Kumar a lawyer by profession keeps his cash book as per cash system of accounting. The following is the summary of his cash book for the year ended 31st March 2021.

Receipts	Rs.	Payments	Rs.
To Balance	5,000	By Rent of chamber	2,400
To Fees	35,000	By Car expenses	3,600
To Remuneration as examiner	3,000	By Household Expenses	12,000
To Interest on bank deposits	2,500	By Local taxes for the house	1,200
To Rent from House Property	8,000	By Repairs of the house	4,000
To Dividends	1,600	By LIC Premium for self	4,800
By Cost of books for profession	4,000		
By Medical treatment of self	5,000		
By Balance	18,100		
	55,100		55,100

Additional Information:

- 1/3 of the house is used by Kumar for his own residence.
- Kumar is insured for Rs.40,000
- Kumar has to get Medical treatment for an eye ailment caused by intensive study of law books.
- $\frac{1}{2}$ of the Car expenses relate to personal use of the car by Kumar.

Depreciation computed at the prescribed rate on the written down value of the Car is Rs.2,000. Compute his Income from Profession.

13. Who is an Assessing Officer? Explain his functions and powers.
