

**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.**  
**M.Com.(A&F) END SEMESTER EXAMINATIONS APRIL - 2022**  
**SEMESTER - II**  
**20PAFCT2006 - Income Tax Law and Practice - II**

**Total Duration : 3 Hrs.**

**Total Marks : 60**

**Section A**

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

1. What are capital assets? List out the items which are not included under capital assets.
2. From the particulars given below compute the total income of Mr.Raman for the A. Y: 2021-22.
  - (a) Income from profession Rs.86,500.
  - (b) Income of minor Son (Singing in his profession) Rs.12,000.
  - (c) Winnings from lottery (ticket purchased on the name of the Mr.Raman's minor daughter) Rs.6,800.
  - (d) Mr.Raman's father gifted debentures in an Indian company to Mr.Raman's Minor Son and Company Paid gross interest Rs.6,650.
  - (e) Interest on debentures purchased by Mr.Raman but gifted to Mrs.Raman Rs.18,000.
3. What are the donations allowable as deductions under Section 80G and to what extent.
4. How will you assess tax liability of an Individual?
5. During the previous year Shri G had the following securities:
  - (a) Rs.54,000 (10% tax-free) debentures of Malwa Textile.
  - (b) Rs.36,000 (10% tax-free) debentures of a Sugar Mill company (listed in Stock exchange)
  - (c) Rs.22,000 8% Relief Bonds.
  - (d) Rs.22,500 (8% tax-free) bonds issued by public sector company (TDS @ 10%)

The interest is paid on 31<sup>st</sup> December annually. He paid 2% Commission on net interest to his bank for collection of interest. Calculate his taxable income.

6. From the following particulars of income of assesses A and B how the capital losses shall be set-off and carried forward for the previous year ending 30.03.21?

	Rs.
A (a) Business income	15,000
(b) Short term capital loss	1,200
(c) Long term Capital gain	7,200

**Contd...**

B (a) Business Income	60,000
(b) Short Term Capital gain	20,000
(c) Long term Capital gain (Land)	17,000
(d) Brought forward loss (Short term Capital asset)	50,000

7. Mr.X having age of 69 years furnishes the following information for the assessment year 2021-22.

	Rs.
(i) Payment of life insurance premium on own life (Policy value of Rs.70,000)	8,000
(ii) Payment of life insurance premium on the life of the wife (paid out of agricultural income) (Policy value Rs.50,000)	5,000
(iii) Own contribution to unrecognized provident fund	12,000
(iv) Contribution to public provident fund	60,000
(v) Accrued interest on NSC (VIII issue) including 6 <sup>th</sup> year Interest of Rs.1,500	4,000
(vi) Repayment of loan for purchase of a house from LIC-HCL (including interest of Rs.17,000)	1,50,000

Compute deductible amount u/s 80-C

8. What are the different types of assessments under Income tax law? Explain the procedure of regular assessment.

## Section B

### Part A

Answer any **TWO** questions ( $2 \times 10 = 20$  Marks)

9. X owns a residential house at Delhi since 1968. The house is sold by him for Rs.1,40,000 on May 10, 2020 [Cost of Acquisition: Rs.4,50,000 F.MV on April 1 2001 Rs.6,10,000]. To claim exemption u/s 54 he purchases a residential house property at Ajmer on March 10, 2021 for Rs.2,51,000 on July 31, 2021 being the due date for furnishing return of income for the assessment year 2021-22; he deposits Rs.6,00,000 in bank A/c specified for the purpose of Section 54. By withdrawing from the deposits, A/c he constructs a residential unit at Ajmer house on May 2022 for Rs.3,10,000 which is completed by May 9, 2022. Entire cost of construction of Rs.1,80,000 is financed by withdrawing from the deposit A/c. The unutilized amount in the deposit A/c is withdrawn by him after May 10, 2023. Determine the amount of capital gain chargeable to tax. CII 2001-02=100 and for 2020-21=301.

Contd...

10. From the following particulars of Mr. Edward for the previous year ended 31<sup>st</sup> March 2021, compute his total income for the Assessment year 2021-22.

He received:

	<b>Rs.</b>
(i) Director's fee from a company	10,000
(ii) Interest on Bank Deposits	3,000
(iii) Income from undisclosed sources	12,000
(iv) Winnings from Lotteries (net)	82,200
(v) Royalty on a book written by him	8,000
(vi) By giving lectures in functions	5,000
(vii) Interest on loan given to a relative	7,000
(viii) Interest on Tax free debentures of a company (listed in recognized stock exchange) Net	3,560
(ix) Dividend on shares (Net) TDS @10%	5,400
(x) Interest on post office savings bank A/c	500
(xi) Interest on Government securities	2,200

(xii) A sum of Rs.26,000 is received as gift on 1-8-20 from a friend.

(xiii) A sum of Rs.50,000 is received as gift on 1-10-20 from his sister.

He paid Rs.20 for collection of dividend and Rs.1,000 for typing the manuscript of book written by him.

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Mr. Edward has following other transaction:

1. House property 'A' purchased for Rs.6 lakh (Stamp duty value: Rs.6.5 lakh)
2. Plot of land purchased for Rs.7 lakh (stamp duty value Rs.9 lakh)

11. Mrs.Hema furnishes the following particulars of her income for the assessment year 2021-22

	<b>Rs.</b>
Salary from Aristocracy Private Ltd. (computed)	50,000
Dividend on TISCO shares (Gross)	1,500
Interest on securities (gross)	7,500
Interest on fixed deposits in State Bank of India	3,200
Profits from agency business	10,000
Loss from speculation in shares	20,000
Profits from speculation in Silver	9,000
Loss from short term Capital assets	5,000
First prize from Kerala State Lottery	1,00,000
Gains from playing Bridge in the club	5,500
Gains from playing Rummy in the office	1,000
Loss in flash(Card game) with friends	7,000

**Contd....**

Maharashtra State Lottery tickets bought	10,000
Loss in race course on betting	20,000
Expenditure in maintaining race horse	40,000
Stake money received in respect of the horses	90,000

You are required to compute the Gross Total income for the relevant assessment year.

12. Mr.X's gross total income is Rs.6,00,000 for the previous year 2020-21. He paid for the following items:

	Rs.
(i) He contributed towards medical insurance premium By cheque	16,000
(ii) He contributed towards pension fund of LIC of India	12,000
(iii) He repaid interest on loan taken for pursuing his higher study in management	15,000
(iv) He donated to National Defence fund compute his total income	10,000
(v) He has deposited Rs. 60,000 in PPF	
(vi) He has paid college fee of his children	Rs.70,000.

### Part B

Compulsory question (1 × 10 = 10 Marks)

13. A, B and C are Partners of firm X & Co. Profit sharing ratio is 2:3:5. The firm is assessed as a Partnership firm as such. Compute the total income and tax of the firm for the assessment year 2021-22 on the basis of the information given below:

Particulars	Rs.	Particulars	Rs.
Cost of goods sold	30,14,000	Sales	46,86,500
Other expenses	92,000	Dividend from a Indian company	81,000
Depreciation u/s 32	86,000	Agriculture income in India	40,000
Interest on capital @ 16%		Other Receipts	6,000
A	3,12,000		
B	4,60,000		
C	1,67,500		
Remuneration of Partners:			
A	36,000		
B	4,48,000		
C	36,000		
Expenses for earning agricultural income	32,000		
Net Profit	1,32,000		
	<b>48,13,500</b>		<b>48,13,500</b>

Out of other expenses, Rs.10,000 is not deductible under Section 40A. Interest and remuneration are paid to partners according to the provisions of the partnership deed. Brought forward loss of earlier years is Rs.15,000.

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