

**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.(A&F) END SEMESTER EXAMINATION APRIL/NOV - 2021**

**SEMESTER - V**

**11UAFCT5015 & UAF/CT/5015 - Income Tax Law & Practice I**

<b>Total Duration : 3 Hrs</b>	<b>Total Marks : 75</b>
MCQ : 30 Mins	MCQ : 15
Descriptive : 2 Hrs.30 Mins	Descriptive : 60

**Section B**

Answer any **SIX** questions (6 × 5 = 30 Marks)

1. Define: i) Person and ii) Assessee.
2. From the following information of Mr. Madhan, compute his income liable to be taxed in India for the assessment year 2021-202 assuming that Mr. Madhan is (i) resident but not ordinarily resident, and (ii) Non - resident.
  - a. Income from house property in Colombo received in India Rs. 30,000
  - b. Profit from a business in Bangladesh controlled from India and received in Bangladesh Rs.15,000.
  - c. Agricultural income from land situated in Bangladesh Rs.26,000.
  - d. Income from profession in India but received in Iran Rs. 30,000.
  - e. Net Salary income received in India for services rendered in Pakistan Rs.72,000.
3. X, a resident of Punjab, receives Rs.1,82,000 per annum as basic salary during the P.Y. 2020-21. In addition, he gets Rs.18,100 per annum as dearness allowance forming part of basic salary for computation of all retirement benefits, 6% commission on sales made by him(sale made by X during the relevant previous year is Rs.73,000) and Rs. 26,000 per annum as house rent allowance. He, however pays Rs.19,500 per annum as house rent.  
You are required to calculate the taxable house rent allowance.
4. Mr. G has constructed a building at Ajmer in Rajasthan it consisting of 40 Flats. Each flat is Let out @1500 p.m. The municipal authorities have fixed the rental value of this property as Rs. 4,00,000 p.a. The owner bears the following Expenses:

	<b>Rs.</b>
Lift maintenance	10,000 p.a.
Swimming pool expenses	5,500 p.a.
Salary of Gardener and watchman	6,800 p.a.

Compute the Annual Rental Value.

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5. Mr. Kaliyamoorthy, an advocate, furnishes the following receipts and payments for the previous year 2020-201:

	Rs.		Rs.
To Balance b/d	6,600	By Rent	2,400
To legal fees	84,400	By Telephone	3,000
To salary (as part time lecturer)	3,800	By Salaries	2,400
To Interest on debentures	2,900	By Subscription of law journal	240
To Gift from Clients	10,000	By Travelling Exp.	560
To Rent	6,000	By Office Exp.	600
To Interest on foreign security	9,300	By Stamp Paper	1,600
To Refund of company deposit	2,000	By Interest on loan	870
		By Donation to School	5,000
		By Balance c/d	1,08,330
	<b>1,25,000</b>		<b>1,25,000</b>

Compute the professional income.

6. Calculate the deduction u/s 80C from the following:

Contribution to PPF Rs. 14,400.

Contribution towards NSC VIII issue Rs.12,500.

Insurance premium on own life (sum assured Rs. 1,50,000) Rs. 27,000.

Contribution towards equity linked savings scheme Rs. 2,500.

7. Mr. J gets a salary of Rs. 33,000 p.m. and he has been provided with rent-free furnished accommodation at Haryana (population 7.5 lakhs). The fair rental value of the unfurnished house is Rs.60,000 p.a. He gets @40% of salary which is given as per terms of employment. He gets education allowance of Rs. 500 p.m. for education of his son. The cost of furnishing of the house is Rs. 2,30,000. The employee has been provided with hired air conditioner for five months and hire charges of Rs.1,000 p.m. are paid by the employer. You are required to calculate the Rent- Free Accommodation.

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8. From the following details of income relating to Mr. Ponmani, a college lecturer, affiliated to the University of Madras.

Basic salary	Rs. 15,000 p.m.
Wardenship allowances	Rs. 1,200 p.m.
Examinership remuneration	Rs. 6,000
Income from books	Rs.18,000
Card game income	Rs.6,600
Income from lottery	Rs. 25,000
Purchase of lottery ticket	Rs. 10,000
Interest received	Rs. 7,000

Compute total income for the AY 2021-22

Section C

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

9. Distinguish between Revenue Expenditure and Capital Expenditure.
10. Mrs. Shasha is director HRD of Z Ltd., after putting in service for 15 years, she retires from the company on 31<sup>st</sup> January 2021. She received the following amounts from the employer for the year ending 31.3.2021.
- Salary at Rs.12,000 p.m.; Dearness Allowance 2500; City Compensatory Allowances of Rs. 5,500; Night Duty Allowance of Rs. 1,800.
  - She owns a car which is used by her for official and private purposes. The entire expenditure of car and driver Rs. 50,000 is borne by the employer. As per log book of the car, 70% of the expenditure is attributable towards official use of the car.
  - Mrs. Shasha received Rs. 5,00,000 (the company is not covered by the payment of Gratuity Act.)
  - She received Rs.1,60,000 for encashment of leave being 16 months leave not availed of.
  - She has invested Rs.20,000 in ULIP scheme and paid Rs. 8,000 towards LIC on policy for a sum assured Rs.60,000.

Compute Mrs. Shasha's income for the AY: 2021-2022 and also determine the QA for deduction u/s 80c.

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11. From the following particulars of two house properties owned by Mr. Sivashankar

	House –I	House –II
Municipal Valuation	86,000	90,000
Fair Rent	78,000	96,000
Standard Rent	80,000	1,08,000
Actual Rent Received	8,000 p.m.	8,000 p.m.
Self Occupied	1-4-2020- 30-12-2020	1-1-2021- 31-3-2021
Let Out	1-1-2021-31-3-2021	1-4-2020-31-12-2020
Municipal Taxes – Due	3,000	4,000
Paid	2,000	NIL
Interest on borrowed Money	9,000	30,000

Loan taken to construct House II is still outstanding. Loan was taken in 1-4-1999.  
Find out Mr.Sivashankar's income from house property.

12. From the following profit and loss account, calculate income from business.

	Rs.		Rs.
To Rent And Rates	50,000	By Gross Profit	2,50,000
To Depreciation On Machinery	9,000	By Income from other sources	1,50,000
To Depreciation On Furniture	4,000	By Income from Capital Gain	1,00,000
To Car Exp.	5,000	By Miscellaneous Income	1,25,000
To Purchase of Motor Car	1,90,000		
To Advertisement (cash)	25,000		
To Net Profit	4,42,000		
	<b>6,25,000</b>		<b>6,25,000</b>

- Allow Rs.5,000 as depreciation on machinery.
- 50% of motor car expenses relate to personal use.
- Miscellaneous income is approved by I.T. authority as business income.
- Motor car has no depreciation.

13. Mrs. Rama jain is working in a office, her gross salary for the year 2020-21 Rs. 7,55,600 she has deposited:

- Rs.3,000 in recognised provident fund;
- Rs. 6,000 in public provident fund;
- Rs. 2,500 under Under Linked Insurance Plan of UTI;
- Rs. 5,000 in NSC VIII issue.

Her other incomes are:

- Rs. 2,230 accrued as interest on NSC VIII issue purchased in December 2018.
- Interest on debentures of a company Rs.6,000.

Compute her tax liability for the A/Y 2021-22.