

**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.(Honours) END SEMESTER EXAMINATION APRIL/NOV - 2021
SEMESTER - V
14UBHCT5A21 & UBH/CT/5A23 - 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 × 5 = 30 Marks)

1. Explain Permanent Account Number.
2. Following are the incomes of Mr. Sivakumar. Compute his total income. If he is
(i) Ordinary Resident (ii) Not ordinary Resident (iii) Non Resident
 - a) Income from business carried from Hyderabad Rs.50,000.
 - b) Income accrued in India but received in Hong Kong Rs. 75,000.
 - c) Past untaxed income brought into India during the previous year. Rs. 42,000.
 - d) Income from HP situated in Sri Lanka during the PY Rs.48,000.
 - e) Income from Agriculture in USA Rs.1,00,000.
3. Mr. Gating a foreign citizen leaves India for the first time in the last 20 years on November 25, 2018. During the calendar year 2019, he comes to India on September 1 and stay for a period of 20 days. During the calendar year 2020, he does not visit India at all but comes to India on January 15, 2021. Prepare his residential status for the AY 2021-22.
4. Ms. Uma, not being covered by the payment of Gratuity Act, 1972 retires during 2020-21 from SR Private Ltd., and receives Rs. 45,000 as gratuity after services of 40 years 11 months. Her average monthly salary during the last 10 months of services was Rs. 2,200. Compute the taxable gratuity in her case. What would be your answer if she retired after serving for another 2 months?
5. Mr. Sridar employee of ABC Ltd. Receives Rs.36,000 as leaves salary at the time of retirement on Jan.31,2021. On the basis of the following information, Show the amount of taxable leave salary. Basic Pay: Rs.3,000 p.m. Since 2018. Duration of service 22 years and 8 months. Leave to his credited at that time of retirement is 12months on the basis of 45 days entitled of leaves for each completed year of services.
6. Mr. Tendulkar constructed one multi storey building at Bangalore consisting of 40 flats. Each flat is let out@ Rs.1,500 p.m. Municipal value Rs.7,50,000
Following are the other particulars:
Lift maintenance ——— Rs.15,000.
Pump maintenance — Rs.2,000.
Gardener's salary ——— Rs.1,000.
Watch man salary ——— Rs.2,000.
Municipal Tax paid at 10% on MV. I interest on loan for construction of house Rs.25,000. Compute income from house property.

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7. From the following details, compute taxable incomes under the head income from business. Profit before adjusting the following items is Rs.7,00,000.

Trade expenses	5,000
Establishment charges	10,000
House hold expenses	2,000
Discount allowed	1,000
Income tax	700
Provision for bad debts	1,000
Donation to National Defence fund	1,000
Audit fees	200

8. Explain the assessment of individuals.

Section C

Part A

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

9. Compute total income of Mr. Anil when his residential status is

1) resident 2) non- ordinary resident 3) a non-resident

- Income accrued in London but received in India Rs.2000.
- Rs. 5000 were earned in Dubai and received there but brought to India.
- Rs.5000 earned in India but received in Singapore.
- Rs.10,000 earned and received in Sri Lanka from a business controlled from India.
- House property Income (computed) from Srilanka Rs.2000.
- Past untaxed foreign Income, brought to India during the previous year Rs. 4000.
- Profit earned from a business in Kanpur Rs. 10,000.

10. Mr. Chandran is employed in a firm at Kolkata and he furnishes the following particulars of his income for the AY 2021-22.

- Salary received after deduction of his own a contribution to RPF and income tax at sources—Rs.42,000
- Income tax deducted at sources —Rs.1,800
- Own contribution to RPF —Rs.4,200
- Employer's contribution to RPF —Rs. 4,200
- DA at 50% of first Rs. 10,000 and 25% of the remaining basic per year
- Interest credited to RPF @ 12% p.a—Rs. 1,200
- House Rent allowance p.a (Rent paid Rs.1,000 p.m)—Rs.12,000
- Reimbursement of medical expenses for medical treatment of his wife (Hospital is notified) —Rs.62,000
- Free refreshments during working hours —Rs.3,600
- Free services of sweeper and watchman salary paid by employer is Rs.300 p.m and Rs. 1,000p.a respectively
- Free lunch during office hours, the cost of which estimated at Rs.1,000p.m
- Conveyance allowance (he does not spend anything) —Rs.1,900
- Premium paid on his life policy of Rs.95,000—Rs.10,000

Prepare statement of his salary income.

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11. Mr. Ramesh owned four houses. Their Municipal valuation are Rs.6,000, Rs.6,000, Rs.5,500 and 10,000 respectively. The municipality levies 10% Tax. The First house is occupied for his residence. Rahul is residing in the second house at a monthly rent of Rs.800.
The third house is occupied by a house at an annual rent of Rs. 6,600. In the fourth house Raman is carrying on his own business which has yield a net taxable income of Rs.15,145. The second and third house were completed on 30-6-2007. He claims the following deductions:
a) Interest on mortgage of the first house Rs.200
b) Rs.600 paid as salary to a gardener in respect of the third houses.
Compute the taxable income from house property.
12. Mrs. Lakshmi aged about 66 years is a finance manager of M/s Lakshmi & Co. Pvt.Ltd. based at Calcutta. She is in continuous service from 1962 and receives the following salary and perks from the company during the year ending 31.3.2021.
a) Basic salary (50,000 × 12) = Rs. 6,00,000
b) D. A (20,000 × 12) = Rs. 2,40,000
c) Bonus – 2month basic pay.
d) Commission – 0.1% of the Turnover of the company. The turnover of the financial year 2020-2021 was Rs.15,000 crores.
e) Contribution of the Employer and Employee to the PF account Rs. 3,00,000 each.
f) Interest credited to P.F Account @ 9.5% –Rs.60,000
g) Rent free unfurnished accommodation provided by the company for which the company pays a rent of Rs.70,000 p.a
h) Entertainment allowances –Rs. 30,000
i) Children's education allowance to meet the hostel expenditure of 3 Children Rs.5,000 each

She makes the following payments and investments:

- i. Premium paid to insure the life of her major son-Rs 15,000
- ii. Medical Insurance premium for self – Rs. 5,000, Spouse –Rs 5,000
- iii. Donation to public Charitable Institution registered U/S 80G –Rs.2,00,000
- iv. LIC Pension Fund – Rs. 12,000

Determine the tax liability for the A.Y 2021-2022.

Part B

Compulsory question (1 × 10 = 10 Marks)

13. Following is the P & L a/c of Kesari Mallaya for the P.Y 2020-21.

To salaries	25,650	By Gross Profit	80,000
To Rent	1,000	By Bank interest	450
To Commission on sale	100	By Bad debts recovered	2,000
To Income tax	2,600	By income from house property	4,800
To Commission paid to collect Interest	25	By Interest on commercial securities	2,000
To Embezzlement by cashier	1,000		
To Municipal tax (house)	600		
To Bad debts	450		
To Repairs to house	1,625		
To Office expenses	9,180		
To Depreciation	5,000		
To LIC premium	1,320		
To Net Profit	40,100		
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	89,250		89,250

Allowable depreciation on the assets is Rs.4,500.

Compute the taxable business income for the Assessment year 2021-22.