

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.(PA) END SEMESTER EXAMINATION APRIL/NOV - 2021
SEMESTER - III
19UPACT3006 - Income Tax Law & 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. Define the terms 'Previous year' and 'Assessment year'. What are the exceptions to the rule that income of a previous year is assessed to tax in the assessment year?
2. Write short notes on 'Leave encashment' and 'Entertainment Allowance'.
3. List out the allowable deductions while computing business or profession income under section 30 to 33.
4. Mr. Ram, an Indian citizen leaves India for the first times on 31st May 2016 and comes back on 15th May 2019. He again leaves India on 10th June 2020 to come back on 14th January 2021. He is living in India since then. Determine his status for the previous year 2020-21.
5. Mr. Vivek passed his M.B.A. on 15th June 2020 and joined his first job on 15th July @ Rs. 40,000 (including allowances). Find out his salary for the assessment year 2021-22.
6. Mr. Kumar is in receipt of annual salary of Rs. 2,00,000. He is provided with a furnished accommodation at Gurgaon [population is 11 lakhs] for which his employer pays a rent of Rs. 4,000 p.m. and deducts Rs. 1,000 p.m. from employee's salary. The cost of furnishing of the residence amounts to Rs. 30,000. Calculate the value of perquisite if house is occupied for 9 months only.
7. Calculate ARV from the particulars given below:
MRV: Rs. 60,000 p.a.
FRV: Rs. 66,000 p.a.
(i) If Actual Rent is Rs. 72,000 p.a. and Standard Rent is Rs. 69,000 p.a.
(ii) If Actual Rent is Rs. 63,000 p.a. and Standard Rent is Rs. 69,000 p.a.
8. What is PAN? Bring out the usage of PAN.

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Section C

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

9. Mr. Vishnu furnishes the following particulars of his income earned during the previous year relevant to the assessment year 2021-2022. Compute his gross total income, if he is:

- (i) Resident,
- (ii) Not Ordinarily Resident
- (iii) Non-Resident

	Rs.
1) Interest on German Development Bonds (one-third is received in India)	51,000
2) Income from agriculture in Bangladesh, remitted to India	31,000
3) Income from property in Canada received in U.S.A	1,10,000
4) Income earned from business in Kuwait, business being controlled from Mumbai (Rs. 25,000 is received in India)	65,000
5) Dividend from an Indian Company	15,000
6) Royalty received in Singapore from Mr. Gulfam, a resident in India, for technical services provided for a business carried on in Singapore	25,000
7) Profit from a business in Chennai; this business is controlled from Singapore	1,25,000
8) Profit on sale of a building in India, but received in Nepal	2,50,000
9) Income from agriculture in Punjab, received in Mumbai	30,000
10) Profit from business in Indonesia; this business is controlled from Delhi (60% of the profit deposited in a bank there and 40% is remitted to India)	40,000
11) Interest received from Mr. Shyam, a non-resident, on the loan provided to him for a business in India.	28,000

10. Mr. P. Chaudhary is employed in a firm at Kolkata and he furnishes the following particulars of his income for the assessment year 2021-2022:

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SEMESTER - III

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	Rs.
a) Salary received after deduction of his own contribution to R.P.F. and income-tax at source	4,20,000
b) Income-tax deducted at source	18,000
c) Own contribution to R.P.F.	42,000
d) Employer's contribution to R.P.F.	42,000
e) Dearness Allowance at 50% of first Rs. 2,00,000 and 25% of the remaining basics salary per year	
f) Interest credited to R.P.F. @ 12% p.a.	24,000
g) House rent allowance per annum [Rent paid Rs. 10,000 p.m.]	96,000
h) Reimbursement of medical expenses for eye surgery of his wife (Notified disease) (Hospital is notified)	62,000
i) Free refreshment during working hours.	9,600
j) Free services of sweeper and watchman – salary paid by employer is Rs. 600 p.m. and 9,600 p.a. respectively.	
k) Free lunch during office hours, the cost of which is estimated at Rs. 200 per meal for 300 days	
l) Conveyance Allowance (He does not spend anything)	24,000
m) Premium paid on his life policy of Rs. 1,70,000. He got LIC policy on 10-8-2015	20,000

Compute his salary income.

11. Mr. Sunil owns two houses, the particulars of which are given below for the previous year 2018-19:

Particulars	House A (Rs./p.a.)	House B (Rs./p.a.)
Annual Rent	Nil	1,72,000
Standard Rent	5,00,000	1,50,000
Municipal Valuation	4,90,000	1,60,000
Fair Rent	5,00,000	1,80,000
Municipal Taxes paid during the year	49,000	16,000
Fire insurance (due)	5,000	3,000
Ground Rent paid	4,500	3,900
Interest on money borrowed during 1988-99 for construction of house (50% paid)	36,000	48,000
Unrealised rent (Pertaining to this year)	Nil	6,000
Nature of occupation	Self occupied	Let out

Compute income from house property for the assessment year 2021-2022 assuming that the Assessing Officer is satisfied with the non-recovery of rent.

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12. From the following Profit and Loss Account of Ms Raju & Company, Compute business income.

Particulars	Amount	Particulars	Amount
General expenses	1,07,000	Gross profit	5,40,000
Fire insurance premium	2,000	Bad debts, recovered but disallowed earlier	4,000
Bad debts	1,000	Interest from Govt. Securities	4,000
Salaries	1,65,000	Rent received from employees	12,000
Advertisement (in cash)	22,250	Interest from debtors for delayed payment	6,000
Proprietor's salary	1,12,500		
Interest on capital	2,000		
Income-tax	1,000		
Depreciation	2,000		
GST (due)	5,000		
Advance income-tax paid	1,000		
Donations	500		
Motor car expenses	750		
Municipal taxes of quarters let to employees	5,000		
Net profit	1,39,000		
	5,66,000		5,66,000

General expenses include Rs. 4,000 paid as compensation to an old employee whose services were terminated in the interest of the business and Rs. 2,200 by way of help to a poor student. Depreciation calculated according to the rates comes to Rs. 2,900. GST was paid on 1-5-2021. Date of filing of return is 31-7-2021.

50% of Motor-car expenses are for proprietor's personal use.

13. How to file ITR (Income Tax Returns) on Clear Tax?