

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 NOVEMBER-2022
SEMESTER - V

UBC/CT/5015 - Income Tax Law and Practice - I

Total Duration : 3 Hrs

Total Marks : 75

Section A

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

1. Define the term 'Profession'.
2. What do you mean by unexplained investment?
3. Define Casual Income.
4. An agricultural land purchased in the year 1991-1992 for Rs.2,50,000. During the year 2020-2021 it was sold for Rs.15,00,000. Calculate long term capital gain. CII for 2001-2002 is 100 and 2020-2021 is 301.
5. Write a note on provident fund and its classification.
6. Write a note on exempted house property income.
7. The profit and loss account of a firm shows a profit of Rs.55,000, after charging the following items. Find out income from business.

Fire insurance premium paid (house property)	Rs.2,050
Drawings by the partner	Rs. 6,000
Advance Tax paid	Rs. 3,000
Income Tax	Rs. 4,000
Sales tax	Rs. 2,800

8. Who is an assessee?
9. Mention the amount of standard deduction under section 24 (i) from the house property income.
10. Mention the amount of deduction applicable for annual publications.
11. What is fair rent?
12. What is revised return?

Section B

Answer any **FIVE** questions ($5 \times 5 = 25$ Marks)

13. Dr.K.S. Sharma , an Indian national is working in U.S.A. every year he comes to India on leave and stays with his parents who are in Calicut. What would be the residential status of K.S.Sharma during the assessment year 2014-15 under the following circumstances
A.) he came to India on 19th December 2013 and stayed up to 5th February 2014. His total stay during the preceding 7 years was 300 days.
B.) He came to India on 20th September 2013 and stayed up to 31st March,2014.
His total stay during the preceding 7 years was 500 days. He had left India on 31-3-2006.
14. Mr.Vasudev purchased a house at Udupi in 1976 for Rs.1,00,000. He incurred the following expenses for the improvement of the house :
Renovation of the house Rs.25,000
Addition of 2 rooms after 1 year Rs.50,000
The fair market value of the house on 1.4.1981 was Rs.1,10,000. He sold the house in May 2013 for Rs.14,00,000 and purchased another house property within two months for Rs.3,00,000 and invested Rs.50,000 in Capital Gain deposit Scheme to buy another house.
Compute the taxable amount of capital gain if CII for 1981-82 is 100, and for 2013-14 is 939.

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15. List out the deductions in respect of certain payments from Section 80C.
16. Illustrate the Cost Inflation Indexation Work with an example.
17. Mr.Narendra completed his studies on 01-04-2019 and was immediately employed by the Government on the following terms:
 Basic Salary Rs.20,000 p.m.
 DA Rs.5,000 p.m (forming a part of retirement benefit)
 Bonus Rs.40,000
 During the year, his employer contributed Rs.33,000 to the pension scheme being notified u/s 80CCD of the Income Tax Act, 1961. Narendra also contributed similar amount. His income from house property is Rs.50,000. During the year he contributed Rs.15,000 to pension plan of LIC, to PPF Rs. 1,00,000 and paid LIC premium of Rs.16,000 (Policy value Rs.1,20,000). Appraise his total income.
18. Compare his income under the head income from other sources.

Particulars	Rs.
Interim dividend	4,000
Dividend from a company on equity shares	3,000
Dividend on preference shares	4,000
Director fees	1,800
Ground rent	3,000
Income from sub-letting	6,000
Dividend from foreign company (net)	5,000
Interest on National Defence Gold Bonds, 1980	3,000

19. Compute the taxable income and loss to be carry forwarded:
 Business profit for the current previous year Rs.20,000;
 Carry forwards business loss Rs.10,000;
 Capital loss on shares Rs.60,000;
 Loss from self occupied house Rs.5,000.

Section C

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

20. Following is the Profit and Loss account of Kesari Mallya for the previous year 2013-14:

To Salaries	25,650	By Gross profit	80,000
To rent	1,000	By Bank Interest	450
To commission on sales	100	By bad debts recovered (last year allowed)	2,000
To Income tax	2,600	By income from house property	4,800
To entertainment expenses	600	By interest on commercial securities	2,000
To commission paid to collect interest on securities	25		
To embezzlement by cashier	1,000		
To Municipal tax(house)	600		
To Bad debts(allowed)	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		
	89,250		89,250

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Allowable depreciation on the assets is Rs.4,500

Compute taxable business income for the assessment year 2014-15.

21. Examine the partnership firm importance in business.
22. From the following P&L account of Mr.Rajan, compute his taxable income from business for the P.Y 2020 – 21

Particulars	Rs.	Particulars	Rs.
To staff salary	48,000	By Gross profit	75,000
To Donation	6,000	By Income from H P	15,000
To Electricity Charges	5,000	By Dividend	5,000
To provision for bad debts	3,000		
To Net profit	33,000		
	95,000		95,000

23. Compute the taxable portion of allowances from the information furnished by Mr.Ravi :

- Travelling allowance Rs.1,500 p.m. (Expenses spent Rs.750p.m.)
- Helper allowances Rs.1,200 p.m (Expenditure Rs.1,350 p.m.)
- Tribal area allowances Rs. 2,400 p.m.
- Educational allowances Rs. 300 p.m. per child for 3 children
- Hostel allowances Rs. 2,500 p.m. per child for 3 children
- Transport allowances Rs. 19,000 p.m. (Expenses Rs.15,000 p.m.)
- Conveyance allowance Rs. 1,500 p.m. (50% personal
- Dog allowance Rs.1,000 p.m.

24. Compute income form house property from the following particulars for the assessment year 2021 – 22:

Municipal value Rs.24,000 p.a.

Actual rent received Rs.30,000 p.a.

Municipal taxes paid Rs.2,400 p.a.

Date of completion 31-3-2018

Date of letting 1-4-2018

Ground Rent (due) Rs.700 p.a.

Interest on loan for construction of the house 2018-19 to 2019 – 20 Rs.15,000 p.a. and 2020 – 2021 Rs.10,000

Interest on delayed payment of interest Rs.1,000
