

**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.(CS) END SEMESTER EXAMINATIONS NOVEMBER-2022**  
**SEMESTER - V**  
**20UBCCT5015 - Income Tax Law and Practice-I**

**Total Duration : 2 Hrs 30 Mins.**

**Total Marks : 60**

**Section A**

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

1. Explain the Canons of taxation.
2. Ms.Riya, a foreign national came to India for the first time on June 15, 2016. During the financial year 2016-17, 2017-18, 2018-19, 2019-20, 2020-21 and 2021-22, he stays in India for 120 days, 115 days, 15 days, 191 days, 124 days and 80 days respectively. Determine his residential status for the assessment year 2022-23.
3. Mr.Krish a trader makes the following payments during the course of his business. Discuss the allowability of following payments:
  1. Mr.Krish purchases agricultural produce from a cultivator and pays him Rs.30,000 in cash.
  2. On 1<sup>st</sup> June 2022, Mr.Krish sends his goods to Bombay by rail and pays freight charges of Rs.21,000 in cash.
  3. On 5<sup>th</sup> of June he deposits GST (goods & services tax) for the first quarter of the year and the amount deposited in cash is Rs.65,400
  4. On 15<sup>th</sup> July 2022, there was a bank strike and he pays a bill of Rs.28,000 in cash.

Mr.X an employee was on leave for 3 months and his outstanding salary of Rs.60,000 for three months was paid in cash in 1<sup>st</sup> September
4. Who require Permanent Account number? Write any five transactions which require quoting of PAN?
5. Mr.Arvind retired on 15-6-2021 from a manufacturing company after putting service of 30 years and 7 months. He received a gratuity of Rs.3,60,000. Basic salary of Mr.Arvind was Rs.20,000 p.m. during 2020 and Rs.22,000 p.m. during 2021. He was also getting D.A. @ Rs.5,000 p.m. which was increased from Rs.4,000 on 1-4-2021. 50% of D.A. is presumed to enter into salary for computation of all retirement benefits but 100% of D.A. is part of basic salary for calculation of pension benefits. Compute his taxable gratuity, if he is not covered under Payment of Gratuity Act, 1972.
6. Mr.Allan is the owner of 4 houses. One house is let to a tenant for Rs.3,000 p.a. The second house, the municipal valuation of which is Rs.4,500 p.a. is in his own occupation. The third house remained vacant throughout the whole year as it was not in rentable condition. The fourth house, the municipal valuation of which is Rs.6,000 is used by teeny for his business.

His expenses in respect of these houses are as follows:

Interest on loan taken to repair the residential house is Rs 400 Fire insurance premium for 1<sup>st</sup>, 2<sup>nd</sup>, and 4<sup>th</sup> house Rs.1,410 Collection charges Rs.350, Ground rent in respect of 2nd house Rs.200 The first house, which is let, remained vacant for two months.

Calculate Allan's income from house property for the assessment year 2022-2023.

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7. Ms. Jo & company are chartered accountants in Delhi. They have submitted the following receipt and payment account for the year. Compute the income from profession for the assessment year 2022-2023.

Receipts	Rs.	Payment	Rs.
To Audit fees	2,24,000	By drawings	48,000
To financial consultancy service	98,000	By office rent	42,000
To dividends from an Indian company (gross)	6,000	By telephone installation charges under O.Y.T. scheme	15,000
To dividend on units of UTI	4,000	By electricity Bill	4,200
To Accountancy works	24,000	By salary of staff	66,000
		By charities	1,200
		By gifts given to relatives	9,600
		By car expenses	21,000
		By subscription	2,500
		By institute fee	1,200
		By stipends given to trainees	12,000
		By net income	1,33,300
<b>Total</b>	<b>3,56,000</b>	<b>Total</b>	<b>3,56,000</b>

8. Distinguish between the provision of income tax in case of filing of belated return and revised return.

### Section B

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

9. State any ten incomes that are exempt from tax as per Section 10.
10. From the particular given below, compute salary income of Mr. Leo for the assessment year 2022-2023.

	Rs.
Salary @ Rs. 40,000 p.m.	4,80,000
Bonus equal to one month's salary	40,000
Entertainment allowance @ Rs.5000 p.m.	60,000
Free gas and water supply	5,000

He is provided with a rent free accommodation in Delhi owned by the employer the F.R.V. of which is Rs.10,000 p.m. (population of Delhi is above 25 lakhs).

He is provided with the facility of a 1.8 cc car which he uses for both (personal and official purposes).

He has engaged a domestic servant @ Rs.1,000 p.m. and his salary is being paid by his employer.

He is provided the facility of a free lunch in the office during lunch break valued at Rs.100 per day for 250 days in the previous year.

The employer is maintaining a holiday home at Shimla and employee stayed there for 10 days free of cost. Its cost to the employer shall be Rs.10,000.

During the year employee and his wife travelled by Air to Bombay to attend a family function and air tickets worth Rs.24,000 were purchased by him through credit card provided to him by the employer.

During the year, he sold his plot and earned a long term capital gains of Rs.40,000.

Employer and employee both are contributing @ 14% of employee's salary to recognized provident fund (RPF).

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**SEMESTER - V**  
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11. Following are the particulars of 2 let out houses of Ms.Rinu

	<b>House-A</b>	<b>House-B</b>
	<b>Rs.</b>	<b>Rs.</b>
Municipal valuation	4,20,000	3,50,000
Fair rental value	3,60,000	3,80,000
Standard rent	4,40,000	3,20,000
Actual rent	4,80,000	4,20,000
Unrealized rent of current year	40,000	35,000
Vacancy	2 months	2 months
Municipal taxes		
Actually paid	12,000	35,000
Due but not paid	30,000	10,000
Repairs	10,000	8,000
Insurance premium	12,000	6,000
Other expenses	8,000	10,000
Interest on money borrowed for the purchase of house	-	60,000

Determine Ms.Rinu income from house property for the assessment year 2022-2023.

12. Following is the profit and loss Account of Mrs.Anu for the year ending 31-3-2022.

<b>Debits</b>	<b>Rs.</b>	<b>Credits</b>	<b>Rs.</b>
To salary	3, 00,000	By Gross Profit	10,85,000
To office expenses	48,000	By bad debt Recovered	15,000
To depreciation	80,000	By Commission	22,000
To audit fees	25,000	By sundry receipts	13,000
To repairs	48,000	By custom duty recovered(Disallowed earlier)	30,000
To amount Transferred to Special Reserve	90,000		
To expenditure on Diwali festival	10,000		
To contribution to unapproved Gratuity fund	18,000		
To interest payable	70,000		
To interest on loan from Mrs.Anu	20,000		
To Expenses on research	50,000		
To Provision for income tax	60,000		
To bonus	18,000		
To provision for GST	15,000		
To employer's contribution to employee's PF	11,000		
To legal expenses	10,000		
To net profit	2,92,000		
<b>Total</b>	<b>11,65,000</b>	<b>Total</b>	<b>11,65,000</b>

**Other Information is:**

1. Depreciation includes Rs.20,000 being unabsorbed depreciation of earlier years.
2. Repairs include Rs.18,000 being Expenditure on construction of wash rooms which were completed on 31-12-2021.
3. Research expenses include Rs.30,000 being cost of a computer acquired for research, which is not connected to assessee's field of business.
4. GST is actually paid on 10-4-2022.
5. Salary includes payment of Rs.40,000 given as compensation to the widow of a deceased employee.
6. Out of bad debts recovered only Rs.10,000 were allowed as deduction earlier.
7. Loan was taken from Mrs.Anu for the payment of income tax. From the information given above calculate the business income of Mrs.Anu for the assessment year 2022-23.

13. Which type of best assessment is the important tool for assessing officer? Justify.

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