

**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 EXAMINATIONS NOVEMBER - 2022**  
**SEMESTER - V**  
**20UBHCT5022 - Income Tax Law and Practice - I**

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

**Total Marks : 60**

**Section A**

Answer any **SIX** questions ( $6 \times 5 = 30$  Marks)

1. Mr. Singh, an Indian citizen went to the USA on 10<sup>th</sup> Oct 2013 and returned after a two years stay from there. Again on 10<sup>th</sup> Oct 2017 he went to Iran but returned on 10<sup>th</sup> May 2021. He made another attempt to go abroad and finally succeeded to go to Canada. He left Delhi for Canada on 10<sup>th</sup> Feb 2022. Compute his residential status for the assessment years 2021-22 and 2022-23.
2. Explain any five fully exempted incomes.
3. Mr. Damodar retired on 15-6-2021 from a manufacturing company after serving 30 years and 7 months. He received a Gratuity of Rs.3,60,000 Basic salary of Mr. Damodar 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.
4. Calculate ARV from the particulars given below:  
MRV Rs.60,000 p.a  
FRV Rs.66,000 p.a  
If Actual rent is Rs.72,000 p.a and standard rent is Rs.69,000 p.a  
If Actual rent is Rs.63,000 p.a and standard rent is Rs.69,000 p.a
5. A joint family purchased a house on 1-5-1995 in Bombay for Rs.4,60,000 lakhs. It sold the house on 10-6-2021 (C.I.I : 317) for Rs.20 lakhs. On 14-7-2021 it purchased another house at Harder at a total cost of Rs.4 lakhs. It did not own any other house property. Compute the income chargeable under the head "Capital gains".
6. Relate the exceptions of income under the head 'Income from house property'.
7. Define the 'Capital gain'. Explain the procedure for computation of Capital gains as prescribed by the Income tax act 1961.
8. From the following particulars of Mr.X compute the amount of deduction u/s 80C for the previous year 2021-2022.  
Life insurance premium paid on own policy Rs.30,000  
Life insurance premium paid on the life of wife Rs.10,000  
Life insurance premium paid on the life of father Rs.10,000  
Life insurance premium paid on the life of Married daughter & her husband Rs.10,000  
All life policies were taken in 2010  
Contribution of RPF Rs.2,000 pm  
Deposit in Public provident fund in march 2022 Rs.45,000  
Group insurance premium Rs.3,000  
Investment made during 2021-2022 in NSC out of agricultural income Rs.10,000  
Repayment of loan taken from LIC for the construction of Residential house

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Rs.4,000 pm Including Rs.1,000pm as interest Rs.48,000  
Accrued interest on NSC Rs.4,000  
Insurance premium on the life of minor son paid on 2.4.2022 Rs.8,000

## Section B

### Part A

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

9. Mr. Ramesh Swain is employed at Hyderabad at a basic salary of Rs.25,000 p.m and he is also getting following allowances:

Dearness Allowance Rs.2,000 p.m  
Lunch Allowance Rs.1,000 p.m  
Servant Allowance Rs.1,000 p.m (He is paying Rs.1,200 p.m to a servant)  
Transport Allowance Rs.2,000 p.m  
Education Allowance Rs.200 p.m per child for three children  
Hostel Allowance to one child Rs.500 p.m  
Conveyance Allowance Rs.800 p.m (He does not spend anything)  
Overtime Allowance Rs.2,000 p.m  
Officiating Allowance Rs.2,000 p.m  
Cash Allowance Rs.1,200 p.m  
Entertainment Allowance Rs.2,000 p.m  
Medical Allowance Rs.800 p.m  
City Compensatory Allowance Rs.600 p.m  
House rent Allowance Rs.5,000 p.m

He is having a family house at the place of his posting but he is living in a rented house and is paying a rent of Rs.7,000 p.m Compute his Gross salary if he does not opt to be taxed u/s 115 BAC.

10. A, B and C are three friends owning equally a house property consisting of six identical units. It was constructed on 1st July 2018. One unit is self-occupied by each one of them for their residence. The remaining three units are let out on a monthly rent of Rs. 7,500 per unit. The municipal value of house property is Rs.5,00,000 and municipal tax is Rs.1,25,000 (Rs.25,000 due) The other expenses were as follows:

Collection and repair charges Rs.7,500  
Insurance premium Rs.15,000  
Interest on loan taken for construction of house Rs.1,62,500

One of the let out units remained vacant for two months. Mr. B could not occupy his unit as he was transferred to some other city. He does not own any other house property. The other taxable incomes of A, B and C are Rs.1,50,000, Rs.2,00,000 and Rs.3,00,000. Compute the taxable income under the head income from house property for the assessment year 2022-23.

11. Mr. X owns a residential house in Bangalore. From the following information compute the amount of capital gain.

Cost of construction (during 2004-05) Rs.6,00,000  
Cost of additions and improvements (during 2007-08) Rs.2,20,000  
Sale of consideration (sale made on 10.10.2021) Rs.30,00,000  
Expenses on transfer Rs.20,000  
Cost of new house purchase in Hyderabad (on 15.1.2022) Rs.4,00,000  
(House is half finished)  
Amount deposited in Capital gain deposit scheme in SBI on 25-7-2022  
Rs.3,00,000.

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An amount of Rs.2,00,000 withdrawn from capital gain deposit scheme on 12<sup>th</sup> may 2024 and utilized for the completion of the house. Cost inflation index for 2004-05 is 113, for 2007-08 are 129 and for 2021-22 are 317.

12. The following are the particulars of income of an assessee as determined by the assessing officer for the assessment year 2022-2023 compute his total income.

Assessment year 2021-22

Silver speculation loss (discontinued ) Rs.10,000

Hosiery business loss Rs.6,000

Rolling steel mill profit (before charging of depreciation of Rs.10,000) Rs.8,000

Profit from another business Rs.5,000

Income from house property Rs.2,000

Assessment year 2022-23

Gold speculation profit Rs.20,000

Hosiery business loss Rs.2,000

Rolling steel mill profit (before charging of depreciation of Rs.10,000) Rs.6,000

Profit from another business Rs.16,000

Income from house property Rs.2,000

**Part B**

Compulsory question (1 × 10 = 10 Marks)

13. The following are the Incomes of Shree Rupak Mishra for the previous year 2021-22

Dividend from Indian company Rs.10,000

Profit from business in Japan received in India Rs.1,20,000

Profit from business in Pakistan deposited in a bank there.

This business is controlled from India Rs.2,00,000.

Profit from business in Indore (Controlled by London Head office) Rs.1,10,000

Interest received from a non-resident Mr.Rahim on the loan provided to him for a business carried on in India Rs.50,000

Income was earned in America and received there, but brought in India Rs.80,000

Share of income from Indian partnership firm Rs.1,50,000

Income from house property in India received in America (Computed) Rs.62,000

Interest on debentures of an Indian company received in Dubai Rs.25,000

Capital gain on sale of agricultural land situated at Ajmer Rs.48,000

Compute his taxable income, if he is: Resident, Not-ordinarily resident & Non-resident.

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