

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.

M.Com.(A&F) - END SEMESTER EXAMINATIONS NOVEMBER - 2023
SEMESTER - I

23PAFCT1001 - Income Tax Law and Practice - I

Total Duration : 2 Hrs. 30 Mins.

Total Marks : 60

Section B

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

1. What is Rent Free Accommodation (RFA) and its Taxability?
2. Explain how do you determine the residential status of individual.
3. Compute the incomes chargeable under the head Income from other sources? Explain it.
4. Classify the previous year for the following cases, when the assessment year is 2023-24:
 - (i) For a business commencing on 1.1.2023, books of account of which are maintained on calendar year basis.
 - (ii) An employee joins his job on 10th September 2022.
 - (iii) A new business is set up on 1st May 2022.
 - (iv) A new business maintaining accounts on Diwali-to-Diwali basis (Set up on Diwali 2022).
 - (v) A person wins a lottery prize during 2022-23.
5. Compute taxable part of annual accretion from information given below:
Salary at Rs.48,000 pm.
Commission at 1% of turnover of Rs.80,00,000 achieved by him during the previous year.
Employer's contribution to R.P.F. @ Rs.7,000 p.m.
Interest credited to R.P.F. balance at 12% p.a is Rs.72,000.
6. Ascertain the ARV from the particulars given below:

	Rs.
Actual rent	7,000 p.m.
FRV	66,000 p.a.
MRV	60,000 p.a.
Standard Rent	69,000 p.a.

During previous year 2022-23 assessee could not realise rent for two months.

7. Prepare the income of business carried on by A considering the following are allowed as deductions:
 - (a) Entertainment expenditure incurred during the previous year ending 31-3-2023 is Rs.50,000
 - (b) Daily allowance given to Mr.Mohan, an employee is at the rate of Rs.2,000 per day. He was on tour for 5 days and was given Rs.10,000 as daily allowance during previous year 2022-23.
 - (c) Ten items were presented during previous year 2022-23 on advertisement each costing Rs.2,000.
 - (d) Income-tax deposited in advance during the previous year 2022-23 amounted to Rs.10,000.

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8. Compute the income from interest on securities for the year ending 31.3.2023 if interest accrues annually on 1st January. Mr.R held the following investments:
- (a) Rs.90,000 10% (Tax free) Debentures of a listed company. (Rate of T.D.S. 10%)
- (b) Rs.1,00,000 12% Punjab Govt. Loan.

Section C

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

9. Explain the different types of taxable allowances under the head 'Income from salaries'.
10. Compute Aditya's taxable income, if he is:
- a) Resident,
- b) Non-ordinarily resident,
- c) Non-resident.

The following are the Incomes of Aditya for the previous year 2022-23.

	Rs.
(i) Dividend from Indian Company	10,000
(ii) Profit from business in Japan received in India.	1,20,000
(iii) Profit from business in Pakistan deposited in a bank there. This business is controlled from India.	2,00,000
(iv) Profit from business in Indore (Controlled by London Head Office)	1,10,000
(v) Interest received from a non-resident Mr.Ashok, on the loan provided to him for a business carried on in India.	50,000
(vi) Income was earned in America and received there, but brought in India.	80,000
(vii) Share of income from Indian partnership firm	1,50,000
(viii) Income from house property in India received in America (Computed)	62,000
(ix) Interest on debentures of an Indian company received in Dubai	25,000
(x) Capital Gain on sale of agricultural land situated at Ajmer	48,000

11. Determine Mr.Rajesh's income from house property from the following particulars of 2 let out houses.

	House A	House 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	25,000
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

12. Evaluate the income from other sources from information given below:

	Rs.
(i) Winnings from lottery	1,00,000
(ii) Amount received from race winnings	35,000
Gifts received during the previous year 2022-23	
(i) Received Rs.20,000 as gift from his friend	
(ii) Received Rs.1,00,000 as gift from his elder brother	
(iii) Received Rs.1,40,000 as gift on his marriage.	
(iv) Received Rs.80,000 as gift from his NRI friend on 1-1-2023	
(v) Another gift of Rs.18,000 received from his friend.	

II - Compulsory question (1 × 10 = 10 Marks)

13. Prepare firm's total income u/s 44 AD. Raj and sons a partnership firm is running a sweets shop and particular of his income and expenditure for the previous year 2022-23 are as follows:

	Rs.
Total receipts from sale of sweets (through electronic clearing system)	85,00,000
Total expenditure on purchase of all materials required to prepare sweets	56,50,000
Salary and wages paid to workers, etc	15,60,000
Rent of shop, shed etc.	3,40,000
Depreciation	60,000
Interest and salary to working partners (paid as per sec. 40(b))	3,20,000
