

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.(Hons) - END SEMESTER EXAMINATIONS NOVEMBER - 2023
SEMESTER - V

20UBHCT5022 - 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)

- Shree Amitabh Bachchan, an Indian citizen, went to America on 1st April, 2022 for a film shooting. Due to ill health, he had to stay there just after shooting. He came back to India on 25th September, 2022. He had to go again on 8th December, 2022 and returned India on 15th February, 2023. Is Shree Amitabh Bachchan resident in India for the Assessment Year 2023-24? If not, why?
- Aditi went first time out of India to Japan on 10th December, 2016. She came back to India from Japan on 1st April, 2018. On 15th October 2020 she went to America and came back to India on 1st April, 2021. In the Previous Year 2022-23, she was in India for only 62 days. She has the following incomes in the Previous Year 2022-23:
 - Capital gains on the sale of property received in India ₹4,50,000. The property is situated in Japan. 50% of Capital gains was sent to Japan.
 - Income from House Property situated in Japan ₹2,52,000, 50% was received in India and remaining was deposited there in a bank.
 - Profit of a business situated in America ₹8,40,000 (This business was controlled from India.)
 - Dividend from an American company ₹2,50,000 of this 40% was received in India and remainder in Japan.

You are required to compute the residential status of Aditi for the Previous Year 2022-23 and on the basis of residential status compute her gross total income.
- X retires from service on 30th November, 2022 and he is in receipt of ₹9,000 p.m. as pension up to 31st January, 2023 payable on the last day of each month. On 1st February, 2023, he gets two-thirds ($\frac{2}{3}$) of his pension commuted for ₹4,80,000. Compute the chargeable pension incase he is a former employee of:
 - Central Government,
 - Punjab Government,
 - ABC Ltd., assuming he is not in receipt of gratuity.
- Mr. Gupta is working in a transport company drawing a Salary of ₹11,000 p.m. The company has provided him with accommodation for which 10% of his salary is deducted. Actual rent paid by the company for the accommodation is ₹54,000 p.a. He is also receiving entertainment allowance of ₹500 p.m. He is provided by the company with a large car for his personal and official use. Expenses for personal use are borne by the assessee himself. Members of assessee's family have visited a number of places in company's buses for which no fare had been charged. Total fare for all these visits during the accounting year amounted to ₹7,200. He is in receipt of a bonus equivalent to 2 months salary. Compute his taxable income under the head 'Income from Salaries' for the Assessment Year 2023-24.

Contd...

5. Kumar uses two houses for his residential purposes. The following information are related to these:

Particulars	House I	House II
Municipal valuation	60,000	30,000
Fair rent	85,000	32,000
Standard rent	65,000	36,000
Municipal tax paid	10%	10%
Fire Insurance premium	600	360
Loan for house construction	9,44,000	-
Date of loan	10.4.2021	-
Rate of interest	15%	-
Interest	1,41,600	-
Date of completion	10.3.2022	-

Compute Kumar's income from house property for the Assessment Year 2023-24.

6. Mr.Pramod prepared Profit and Loss Account of his shop for the year ended 31.3.2023:

Particulars	Amount	Particulars	Amount
To salaries	13,000	By Gross Profit	34,725
To Rent	1,600	By Gift received from friends	275
To Household expenses	2,000		
To Income tax	900		
To Advertisement	800		
To Employees welfare expenses	900		
To Life Insurance premium	2,100		
To Bad debts reserve	800		
To Net profit	12,900		
	35,000		35,000

Compute his income from the business.

7. From the following information of a Chartered Accountant, compute taxable income from profession for the Assessment Year 2023-24:

Receipts	₹	Payments	₹
Consultation fees	2,50,000	Office Rent	25,000
Gifts from clients	20,000	Stipend to Article Clerks	20,000
Gifts from father-in-law	30,000	Professional books (not annual publication) purchased	18,000
Appellate Tribunal Appearance	12,000	Charitable Donation by Cheque	4,000
Fees for drafting Memorandum of Association	10,000	Professional Tax	2,000

Allow depreciation on books @ 40%.

8. Mr.Govind's income particulars are as under for the previous year 2022-23:

- (a) Net amount received from the prize of Haryana State Lottery 1,40,000
- (b) Profit on sale of a plot 16,000
- (c) Royalty from mine 69,000
- (d) Income from agricultural land in India 15,000

Collection charges of Royalty ₹3,850. He bought lottery tickets worth ₹1,760 during the previous year. Compute taxable income from other sources for the Assessment Year 2023-2024.

Section C

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

9. Mr. Rajiv is a sales officer in a company in Varanasi. He furnished the following particulars regarding his income for the Previous Year 2022-23:
- i) Basic salary 25,000 per month.
 - ii) Dearness allowance 50% of basic salary.
 - iii) Transport allowance ₹1,800 per month (For commuting between home and office).
 - iv) Children's Education Allowance for two children ₹350 per month per child. He spent ₹10,000 towards the tuition fees of his children.
 - v) The company has provided him with rent free accommodation for which the company paid an annual rent of 70,000.
 - vi) The company has provided the amenities of free lunch and free refreshment in office, the cost of which is ₹60 and ₹30 per day respectively for 300 days.
 - vii) The company has given him a laptop costing ₹60,000 for office and personal use.
 - viii) The company transferred a car to him for ₹2,50,000 on 1-8-2022. This car was purchased by the company for 5,00,000 on 1-7-2020.
 - ix) The company contributed 15% of his salary and dearness allowance to his Recognized Provident Fund. Interest credited to this fund @ 10% was ₹60,000 during the previous year.
 - x) He received arrears of salary (untaxed) related to the Previous Year 2021-22 ₹40,000.
- Compute his taxable income from salary for the Assessment Year 2023-24.
10. Professor Sharma is the owner of three houses, the municipal valuation of which are ₹50,000, ₹75,000 and ₹96,000 respectively. All the three houses are used by Prof. Sharma for his own residential purpose. Fair rent of all houses is generally 20% higher to municipal valuation. He has furnished the following information:
- i) Municipal Taxes are levied @ 10% of Municipal Value.
 - ii) He spent ₹4,000 on the repairs of the first house, ₹10,000 on interior decoration, painting and repairs of the second house and ₹1,000 on the repairs of the third house.
 - iii) A durban, a gardener, a sweeper and an electrician are employed for each house. ₹18,000 per annum are spent on their salary with regard to each house.
 - iv) The fire Insurance Premium is 7% of Municipal Value.
 - v) The first house was inherited by him from his father. As per the will of his father, he was entitled to remit ₹3,200 p.m. to the Ashram of his Gurudev out of the income of the first house and he has been remitting this amount regularly.
 - vi) The construction of second and third houses was completed in November 2019 and November 2020.
 - vii) Prof. Sharma borrowed ₹1,50,000 @ 12% per annum for construction of house II. Date taking loan 1.8.2018 and date of repayment of loan 31.7.2022. Compute income from house property.

Contd...

11. Following is the Profit and Loss Account of Chandan for the year ended 31.3.2023:

Particulars	Amount	Particulars	Amount
To Salaries	3,30,000	By Gross Profit	7,50,000
To Office expenses	36,000	By Bad debts recovered	20,000
To Depreciation	28,000	By Dividends (Gross)	12,000
To GST	18,000	By Rent from house property	18,000
To Legal expenses	16,000		
To Income tax	14,000		
To Expenses on the acquisition of patent rights	24,000		
To Donation in Cash	4,000		
To Repairs	12,000		
To Provision for bad debts	6,000		
To General expenses	24,000		
To Net Profit	2,88,000		
	8,00,000		8,00,000

Additional Information:

- Salaries include ₹12,000 paid to the workers employed at home.
- Depreciation includes ₹6,000 being unabsorbed depreciation of earlier years.
- Legal expenses include ₹2,000 paid to the lawyer in connection with the personal case.
- General expenses include ₹8,000 as a contribution to the Staff Welfare Fund.
- Out of bad debts recovered only ₹8,000 were allowed as a deduction earlier.

Compute the income from business for the Assessment Year 2023-24.

12. From the following receipts and payments of Mr. Devesh, Compute his income from other sources:

Particulars	Amount
Received from Madhya Pradesh State Lottery (Net)	24,500
Winnings from horse race	1,000
Winnings from Rajasthan State Lottery	3,000
Winnings from horse race (Net)	49,000
Winnings from crossword puzzle	2,500
Gift received from a friend in London	3,000
Purchase of lottery tickets	6,000
Payments for betting in horse race	6,000

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

13. Discuss the 'Exempted Income' under the Income Tax Act.
