

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.(PA) END SEMESTER EXAMINATIONS NOVEMBER -2023
SEMESTER - III

21UPACT3006 - Income Tax Law & Practice-I

Total Duration : 2 Hrs 30 Mins.

Total Marks : 60

Section B

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

- Explain the following terms:
(i) Previous Year, (ii) Assessee, (iii) Income, (iv) Person (v) Assessment Year.
- Mr. John, a foreign player, comes to India since 2009-10 every year to play cricket and stays here for 120 days. Compute his residential status for the Assessment Year 2023-24.
- Mr. Ram retired from a factory after serving for 30 years and 8 months in June 2022. His monthly wages (including dearness allowance but excluding all other allowances) on the date immediately preceding the date of retirement was ₹20,800. He received ₹3,72,000 from his employer as gratuity under the Payment of Gratuity Act, 1972. Compute the exempted amount of gratuity.
- X is a pilot in Indian Airlines. He draws ₹7,20,000 as salary, ₹1,80,000 as dearness allowance ₹6,00,000 as flight allowance to meet personal expenses while on duty, ₹12,000 as conveyance allowance (actual expenses ₹9,000) and ₹7,200 as an educational allowance for his three children studying in a public school.
Compute the taxable value of the allowances paid to him.
- Compute the annual value of the houses in the following cases:

Particulars	A (Rs.)
Municipal value	1,00,000
Fair rent	1,20,000
Standard rent	90,000
Actual rent received	1,32,000
Municipal tax 10% of M.V.	Paid by owner

- Mr. Harish is a practicing Chartered Accountant. He maintains his accounts on cash basis. Following is the Receipts and Payments A/c for the year ended 31st March, 2023:

Receipts	Amount	Payments	Amount
To Balance b/d	9,300	By Office rent	52,400
To Audit fees	5,64,700	By Salary of audit clerk	24,800
To Income from other accounting work	1,56,800	By Allowance of articled clerk	1,800
To Fees for conducting Income tax appeal	8,100	By Salaries	32,400
To Examiner fees from University	600	By Municipal tax	400
To Dividend (Gross)	7,840	By Personal expenses	1,53,500
To Rent from property	4,000	By Membership fees	1,100
		By Life Insurance Premium	1,500
		By Income Tax	52,500
		By Motor-car purchased	2,09,000
		By Expenses of Motor-car	600
		By Insurance of House Property	300
		By Balance c/d	2,21,040
	7,51,340		7,51,340

Contd...

Having regard to the fact that one-third of motor-car expenses is in respect of his professional practice. Compute Professional Income of Mr.Harish. Assuming the rate of depreciation on car @15%.

7. Mr.N prepared the following Profit & Loss account of his cloth shop for the year ended 31st March, 2023. Compute his income from the business for the Assessment Year 2023-24:

Profit & Loss Account
(For the year ended 31st March, 2023)

Particulars	Amount	Particulars	Amount
To Salaries and Wages	33,000	By Gross Profit	3,34,725
To Rent, etc.	1,600	By Gifts received from relatives	275
To Household expenses	82,000		
To Income tax	900		
To Advertisement	800		
To Postage expenses	600		
To Gifts to relatives	900		
To Fire Insurance Premium	400		
To Life Insurance Premium	2,100		
To Bad Debts Reserve	800		
To Audit Fees	400		
To Net Profit transferred to Capital A/c	2,11,500		
	3,35,000		3,35,000

8. What do you mean by PAN? Write its benefits.

Section C

Answer any **THREE** questions (3 × 10 = 30 Marks)

9. Shri Hanuman Prasad has the following incomes for the Previous Year ending on 31st March, 2023:

Particulars	Amount
Income from salary in India from a company (computed)	50,000
Dividend (gross) from an Indian Company received in England and spent there	10,000
Income from house property in India received in Pakistan	20,000
Dividend from a foreign company received in England and deposited in a bank there	10,000
Income from business in Kolkata managed from U.S.A.	20,000
Income from a business in the U.S.A. (controlled from Kanpur Head Office)	12,000
Income was earned in Australia and received there, but brought into India	25,000
His maternal uncle sent a Bank Draft from France as a gift to him on his marriage	20,000

Compute the gross total income, if he is: (i) Ordinarily resident, (ii) Not-ordinarily resident, and (iii) Non-resident.

10. 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:
- Basic salary ₹25,000 per month.
 - Dearness allowance 50% of basic salary.
 - Transport allowance ₹1,800 per month (For commuting between home and office).
 - 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.

11. Mr.Lal owns a big house. 50% of the floor area is let out for residential purposes on a monthly rent of ₹22,500. 25% of the floor area is used by the owner for the purpose of his profession, while remaining 25% of the floor area is utilised for the purpose of his residence. Other particulars of the house are as follows:

Particulars	Amount
Municipal Valuation	6,00,000
Standard Rent	9,00,000
Municipal Taxes Paid	80,000
Repairs	30,000
Interest on capital borrowed for repairs	3,00,000
Ground Rent	8,000
Annual Charges	10,000
Fire Insurance Premium	12,000

Compute the taxable income from house property of Mr.Lal for the Assessment Year 2023-24.

12. From the following Particulars compute the Business Income of Mr.Satyam:

Particulars	Amount	Particulars	Amount
To Salaries	90,000	By Gross Profit	4,50,000
To Rent	20,000	By Dividend	4,000
To Service Charges	4,000	By Bad debts recovered (allowed earlier)	4,400
To Legal Expenses	5,000	By Interest on Post Office Savings Bank	1,200
To Reserve for Income-Tax	6,000		
To Depreciation	12,000		
To Expenses on the acquisition of Patent Rights	56,000		
To Office Expenses	42,000		
To Contribution to RPF	12,000		
To Bad debts	4,500		
To Donation by Cheque	2,500		
To Net Profit	2,05,600		
	4,59,600		4,59,600

Contd...

Other Information:

- a. Legal expenses include ₹2,000 incurred by the assessee for defending a criminal case against him.
- b. Depreciation of the year on the assets other than patent rights is ₹16,900.
- c. Contribution to RPF includes ₹2,000 not paid till the due date of filing the return of income.

13. What do you mean by E.Filing? Explain the steps to be follow for filling income tax returns online.
