

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.(CA) END SEMESTER EXAMINATIONS NOVEMBER -2023

SEMESTER - V

21UCCET5IT1 - 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. Explain income along with its features.
2. Calculate Gross salary of Mr.Prakash, who is working in Chennai, from the following

Basic Salary	₹15,000 per month
DA	₹10,000 per month [50% enters into service benefits]
CCA	₹750 per month
Project allowance	₹200 per month
Medical allowance	₹100 per month
Overtime allowance	₹250 per month
HRA	₹1,800 per month [Rent paid ₹800 per month]

3. From the following calculate taxable leave salary

Name of employee	: Mr.Venkatraman
Name of employer	: AZ Ltd.,
Leave salary received	: ₹5,25,000
Salary at the time of retirement	: ₹12,450 p.m.
Duration of service	: 32 years and 4 months
Leave entitled for every year of service	: 35 days
Leave availed while in service	: 14 months

4. Mr.A owns 5 Houses, one in Kolkata, one in Chennai, one in Mumbai and two in Delhi. All houses are let out except that in Delhi. One House in Delhi, whose MRV is ₹2,80,000 and the other house whose MRV is ₹3,50,000 is occupied by Mr.A and Mrs.A. The details of other houses are as follows.

Particulars	Mumbai	Chennai	Kolkata
MRV	2,00,000	2,20,000	4,00,000
FRV	1,85,000	2,25,000	3,75,000
SR	N.A	2,15,000	N.A

The house in Mumbai is let out at a rent of ₹20,000 per month, Chennai at ₹25,000 per month and Kolkata at ₹38,000 per month. It is usual practice to charge 10% as Municipal tax. Out of the total Municipal tax 50% is paid by the tenant. Calculate Net Annual Value.

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5. From the following P&L A/c calculate income from business.

	₹		₹
To rent	6,000	By gross profit	45,000
To salary	8,000	By business income	55,000
To donation	4,000	By income from lottery	30,000
To depreciation	7,000		
To income tax	3,000		
To patents (Acquired before 1.4.98)	28,000		
To net profit	74,000		
	1,30,000		1,30,000

a) Depreciation to be allowed ₹5,000

b) An expenditure of ₹2,000 approved by the I.T. authority is not shown in P&L A/c.

6. Explain the features and usage of PAN.

7. From the following calculate Gross Annual Value.

Particulars	House 1	House 2	House 3
MRV	60,000	60,000	1,12,000
FRV	68,000	68,000	1,17,000
SR	62,000	62,000	1,15,000
Unrealized rent [URR] for the PY [Rule 4 satisfied]	2,000	6,000	50,000
Annual rent	66,000	66,000	1,20,000

8. From the following P&L A/c calculate income from business.

	₹		₹
To opening stock	2,20,000	By sales	4,00,000
To purchases	2,00,000	By closing stock	3,30,000
To wages	75,000		
To donations	9,000		
To house hold expenses	8,000		
To depreciation on car	5,000		
To motor car expenses	10,000		
To net profit	2,03,000		
	7,30,000		7,30,000

a) 25% of the motor car is used for personal purposes.

b) Opening stock and closing stock is over valued by 10%

Section C

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

9. Examine the important principles [canons] of taxation.
10. From the following particulars calculate Salary Income of Mr.Kumar working in United Ltd., in Bangalore.
 Basic salary ₹6,250 p.m.
 DA ₹3,000 p.m. [forming part]
 CCA ₹600 p.m.
 Bonus ₹6,000
 HRA ₹4,150 p.m. [Rent paid ₹3,250 p.m.]
 Academic research allowance ₹700 p.m. [actual amount spent ₹400 p.m.]
 Conveyance allowance ₹350 p.m.
 Education allowance ₹150 p.m. per child for 3 children
 Transport allowance ₹900 p.m. [for commuting between place of duty and residence]
 He is provided with a motorcar of 1600 CC Maruti DX along with a chauffeur expense met by employee. The employer pays ₹2,000 towards income tax.
 Employer and the employee contribute 13.75% towards RPF. Interest at 12% is credited for ₹12,000.
11. Calculate income from house property.

Particulars	House 1	House 2	House 3	House 4	House 5
Nature of occupation	L/O	L/O	S/O	L/O	S/O
Municipal value	1,00,000	2,00,000	3,00,000	4,00,000	5,00,000
FRV	1,25,000	2,25,000	3,50,000	3,75,000	4,00,000
SR	1,12,500	2,10,000	3,00,000	N.A.	N.A.
AR (in Month)	10,000	15,000	-	8,000	-
Unrealized rent for the PY(rule 4 satisfied) satisfied)	1 month	2 months	-	-	-
Vacancy period	1½ months	2½ months	-	2 months	-
Municipal tax	2,000	3,000	4,000	5,000	2,000
Loan Amount	2,50,000	-	-	3,00,000	-
Interest rate	12%	-	-	15%	-

Loan taken by Mortgaging House 1 is utilized for House 2 and loan taken for House 4 is utilized for House 3. Loan is taken on 1-4-2013. Loan is taken for repairing.

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12. From the following receipt and payment of Mr.RajKumar who is a legal advisor, calculate Income from Profession.

Receipts	₹	Payments	₹
Balance b/d	20,000	Purchase of a type writer	5,000
Fee	1,40,000	Car expenses	20,000
Presents from client	20,000	Salary to staff	20,000
Rent of a let-out property	60,000	Office expenses	5,000
Winning from lottery	25,000	Car purchased on 15 th Jan.2014	50,000
		Income tax	500
		Interest on loan	250
		LIC premium	100
		Balance c/d	1,64,150
	2,65,000		2,65,000

- a) Car is 45% used for official purposes and 55% is used for private purposes.
b) Outstanding income tax provision of ₹1,000 is to be made.

13. Define filing of return. Discuss the procedures for filing of returns.
