

FOR THE CANDIDATES ADMITTED
DURING THE ACADEMIC YEAR 2021 ONLY)

21UCF411

REG.NO

NGM COLLEGE (AUTONOMOUS) POLLACHI
END-OF-SEMESTER EXAMINATIONS: MAY-2023

B.Com-Finance

MAXIMUM MARKS: 70

IV SEMESTER

TIME: 3 HOURS

PART III
INCOME TAX LAW & PRACTICE

SECTION – A (10 X1 = 10 MARKS)

ANSWER THE FOLLOWING QUESTIONS

MULTIPLE CHOICE QUESTIONS

(K1)

- Under the income tax act 'person' means: _____
(a) Hindu undivided family (b) Company (c) Local authority (d) All of these
- Deduction for entertainment allowance is availed by _____
(a) Govt. servant (b) non Govt. servant (c) Both (a) and (b) (d) none of these
- Allowed item when computing business income is: _____
(a) Doubtful debts reserve (b) Actual bad debts
(c) Doubtful debts (d) All of these
- The Cost of Inflation index number for the Financial Year 2021-2022 is _____
(a) 1081 (b) 1024 (c) 272 (d) 317
- Brought forward non-speculative business loss can be set off against income from _____
(a) House Property (b) Speculative Business
(d) Business (d) Income from any Other Heads

ANSWER THE FOLLOWING IN ONE (OR) TWO SENTENCES

(K2)

- Define the term assessment year .
- What are perquisites?
- What is the Annual value? State the meaning of Annual Value.
- Interpret is capital asset ?
- Write any two deductions U/S 80 C.

SECTION – B

(5 X 4 = 20 MARKS)

ANSWER EITHER (a) OR (b) IN EACH OF THE FOLLOWING QUESTIONS. (K3)

- (a) Write short notes on basic conditions and additional conditions while identifying the residential status of individual.

(OR)

- (b) A citizen of Sri Lanka had been staying in India since 1996. He left India on 20.08.2021 for Sri Lanka and returned on 06.02.2022. Determine his residential status for the P.Y. 2021-22.

12. (a) Mr. Aashish is a salaried employee working in Delhi. He gives the following details.

Salary	Rs. 20,000 p.m.
DA (forming part)	Rs. 10,000 p.m.
HRA	Rs 8,000 p.m. (Rent paid by him Rs 10,000 p.m.)
Calculate Taxable HRA.	

(OR)

- (b) Mr. Muthukumar is employed in ABC Ltd., Bangalore. He gets the following emoluments.

Basic salary	Rs 12,500 per month
DA (forming part)	Rs 6,000 per month
Bouns	Rs 5,000
Fees	Rs 1,000
2% commission on turnover achieved (turnover achieved Rs 1,50,000)	
HRA	Rs 7,250 per month [rent paid Rs 6,400 per month]
EA	Rs 4,000 per month

Calculate Gross salary.

13. (a) From the following calculate Gross Annual Value

Particulars	House 1	House 2
MRV	60,000	1,12,000
FRV	68,000	1,17,000
SR	70,000	1,15,000
Unrealized rent [URR] for the PY [Rule 4 satisfied]	5,000	40,000
Annual rent	72,000	1,10,000

(OR)

- (b) From the following, calculate Net Annual Value

Municipal Rental Value	Rs 28,000
Fair Rental Value [FRV]	Rs 34,000
Standard Rent	Rs 35,000
Actual Rent [AR]	Rs 3,000 per month
Municipal tax Rs 1,500 is paid by the owner	

14. (a) From the following P&L A/C calculate income from Business.

	Rs		Rs
To rent	40,000	By gross profit	2,50,000
To salary to employees	25,000	By house property income	1,50,000
To depreciation	10,000	By income from other source	2,00,000
To donation	8,000		
To net profit	5,17,000		
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	6,00,000		6,00,000
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1. Depreciation to be allowed as per income tax provision Rs 8,000.
2. Business income of Rs 12,000 is not shown in the P&L A/c.
3. Rs 8,000 of the rent is of personal nature.

(CONTD 3)

(OR)

- (b) Mr. Danial had bought a residential house on 01.01.2020 for Rs 10,00,000. Further he spent Rs 1,00,000 to repair the house on 10.10.2021. He sold the property on 01.02.22 for Rs 15,00,000. He paid a brokerage of Rs 15,000. Compute the capital gain for the P.Y 2021-22.

15. (a) Mr. Elamaran received the following income during the P.Y 2021-22.

Compute his taxable income from other sources.

i) Dividend received from a foreign company	22,000
ii) Dividend received from a domestic company	12,000
iii) Dividend received from a Co-operative society	10,000
iv) Interim dividend received from Wheels India Ltd.	5,000

(OR)

- (b) Mr. Prasanna has submitted the following information.

Compute his gross total income for the previous year P.Y 2021-22.

Income from speculative business	24,000
Loss from speculative business	10,000
Income from specified business	15,000
Loss from specified business	20,000

SECTION – C**(4 X 10 = 40 MARKS)****ANSWER ANY FOUR OUT OF SIX QUESTIONS.****(16TH QUESTION IS COMPULSORY AND ANSWER ANY THREE QUESTIONS FROM Q.NO: 17 TO 21)****(K4) OR (K5)**

16. The following is the Profit & Loss Account of Mr.X for the year ended on 31st March,2022.compute his taxable income from the business for that year.

To opening stock	15,000	By sales	2,80,000
To purchases	1,40,000	By closing stock	20,000
To wages	20,000	By gift from father	10,000
To rent	46,000	By sale of car	17,000
To repairs of car	3,000	By income tax refund	3,000
To medical expenses	3,000		
To general expenses	10,000		
To depreciation of car	4,000		
To profit for the year	89,000		
Total	3,30,000	Total	3,30,000

Following further information is given:

- (1) Mr. X carries on his business from a rented premises half on which is used as his residence.
- (2) Mr. X bought a car during the year for Rs. 20,000. He charged 20% depreciation on the value of the car.
The car was sold during the year for Rs. 17,000. The use of the car was $\frac{3}{4}$ th for the business and $\frac{1}{4}$ th for personal use.
- (3) Medical expenses were incurred during the sickness of Mr. X for his treatment.
- (4) Wages include Rs. 250 per month on account of Mr. X's driver for 10 months.

(CONTD 4)

17. From the following details calculate the total income of Mr. Bogosi, if he is OR, NOR and NR.
- Dividend from India company Rs1,00,000.
 - Dividend from a foreign company Rs1,50,000, received in India.
 - Income from business in Kenya but controlled from India Rs 2,00,000.
 - Income from business in Switzerland but controlled from Bangladesh Rs 5,00,000.
 - Income accrued in Indonesia Rs 2,50,000, 2⁵th received in India.
18. Calculate Income from salary of Mr. Mahesh working in PA Ltd., Mumbai 30 lakhs population.
- | | |
|-----------------------------|--|
| Basic salary | Rs10,000 p.m. |
| DA | Rs 6,000 p.m.[Rs 3,000 forms part of salary] |
| CCA | Rs 500 p.m. |
| Project allowance | Rs 200 p.m. |
| Servant allowance | Rs 100 p.m. |
| Proctor allowance | Rs 250 p.m. |
| Uniform allowance | Rs 125 p.m.[actual amount spent Rs 100 p.m.] |
| Academic research allowance | Rs 3,000 p.m.[actual amount spent Rs 55,000] |
| EA | Rs 1,500 p.m. |
- He and his employer contribute 17.5% towards RPF. Interest credited at the rate of 12.75% comes to Rs 25,500. He is provided with a rent free house and a motorcar [1.7Lts]. The employer meets motorcar expenses and it is used for both private and official purposes. Comment whether there will be any change in salary income, if it is assumed that house is taken on lease and lease rent of Rs 4,250 p.m. is paid.
- Note: Since Mr.Madesh is a non-Government employee EA will not have any exemption u/s 16(ii)
19. From the following calculate Income from House Property . Ms. Sudha owns a house property ,which was constructed in 2000 . 75% of the property has been let out at a monthly rent of Rs 7,500 and 25% is self occupied by “ms. Sudha ”herself. The other details of the property are as follows.
- | | |
|------------------------------|------------|
| MV | Rs. 50,000 |
| FRV | Rs 60,000 |
| SR | Rs 55,000 |
| Municipal tax | Rs 4,000 |
| Interest on borrowed capital | Rs 10,000 |
20. Discuss the format for the professional of the following chartered account.
21. Mr. Elayaraja submitted the following particulars regarding his income for the P.Y 2020 - 21 . Compute income from other sources :
- | | Rs. |
|---|----------|
| 1. Royalty from books | 12,000 |
| 2. Director's fees | 3,000 |
| 3. Interim dividend from MRL Ltd(madras) | 5,000 |
| 4. Dividend for co-operative society | 2,000 |
| 5. Income from undisclosed sources | 10,000 |
| 6. Winnings from lotteries | 15,000 |
| 7. Income from letting of P & M along with building | 12,500 |
| The following expenses are claimed by him : | |
| Depreciation on P&M along with building | Rs 1,500 |
| Telephone expenses in connection with publication of book | Rs 3,000 |
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