

(FOR THE CANDIDATES ADMITTED
DURING THE ACADEMIC YEAR 2021 ONLY)

SUBJECT CODE **21UBI513**
REG.NO. :

N.G.M.COLLEGE (AUTONOMOUS) : POLLACHI
END-OF-SEMESTER EXAMINATIONS : NOVEMBER 2023

BANKING AND INSURANCE

MAXIMUM MARKS: 70

SEMESTER: V

TIME : 3 HOURS

PART - III
INCOME TAX
SECTION - A

(10 X 1 = 10 MARKS)

ANSWER THE FOLLOWING QUESTIONS.(K1)

1. An Indian company's residential status is that it is always
 - (a) Resident
 - (b) Non Resident
 - (c) Ordinarily resident
 - (d) None of these
2. Leave salary received during the service period-
 - (a) Not taxable
 - (b) Partly taxable
 - (c) Fully taxable
 - (d) None of these
3. House rent allowances is
 - (a) Fully exempted
 - (b) Partly taxable
 - (b) Fully taxable
 - (d) Actual rent paid alone is taxable
4. Long term capital gain on sale of unlisted shares are
 - (a) Taxable
 - (b) Exempted
 - (c) Partially exempted
 - (d) Partially taxable.
5. The maximum deduction u/s 80GG shall be limited to:
 - (a) Rs.1,000 p.m
 - (b) Rs.5,000 p.m
 - (c) Rs.3,000 p.m
 - (d) None of these

ANSWER THE FOLLOWING IN ONE (OR) TWO SENTENCES

(K2)

6. Define Assessee.
7. What are Perquisites?
8. Define NAV.
9. Give the meaning of Short-term capital Gain.
10. What do you mean by clubbing of income?

SECTION – B

(5 X 4 = 20 MARKS)

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

11. a) Explain the following terms in brief:

(i) Assessment Year and (ii) Total Income

(OR)

b) What are the different categories of assesses according to their residential status?

12. a) Mr.Hari is employed at Amritsar on a salary of Rs.30,000 p.m. The employer is paying H.R.A of Rs.8,000 p.m but the actual rent paid by him(employee) is Rs.12,000 p.m. He is also getting 2% commission on turnover achieved by him and turnover is Rs.50,00,000.

Calculate his gross salary.

(OR)

- b) Mr. Arup Sen has furnished following particulars:

- (i) Salary @ Rs.25,000 p.m
- (ii) Dearness Allowance @ Rs.5,000 p.m (It enters into pay for retirement benefits).
- (iii) Entertainment allowance @ Rs.600 p.m
- (iv) Bonus Rs.16,000

(v) Cost of furnishing – Rs.1,20,000

Calculate the value of rent-free house if Mr.Arup Sen is working in private sector at Chandigarh[population below 10 lakhs] and rent of the house hired by employer is Rs.6,000 p.m. He is also provided with hired refrigerator whose hire charges of Rs.600 p.m are paid by employer.

13. a) From the particulars given below calculate net annual value for the previous year ending on 31-3-2023.

	Rs.
Municipal Rental value(Date of completion is 1-7-2021)	60,000 p.a
Actual Rent received	72,000p.a
Taxes levied by local authority and paid by owner:	
(i) House Tax	6,000 p.a
(ii) Sanitation Cess	1,000 p.a

(OR)

- b) Following is the Profit and Loss account of a merchant for the year ending 31-3-2023.

Profit and Loss Account

To	Office salary	2,06,500	By	Gross Profit	4,36,750
To	Bad debts written off	1,700	By	Commission	1,250
To	Provisions for bad debts	3,000	By	Discounts	500
To	Advertisements	53,800	By	Sundry receipts	200
To	Fire Insurance Premium (House Property)	550	By	Rent of Building	3,600
To	General Expenses	52,750	By	Profit on sale of investment	3,000
To	Depreciation	1,200			
To	Interest on capital	2,000			
To	Interest on bank loan(due)	1,300			
To	Net Profit	1,22,500			
		4,45,300			4,45,300

Compute the taxable profits from business. The amount of depreciation is Rs.1,000. Interest on bank loan was paid on 1-8-2023. Due date of filing of return is 31.7-2023.

14. a) From the following information, compute the income from other sources for the assessment year 2023-24:

	Rs.
(i) Card games loss	12,000
(ii) From the activity of owning and maintaining horses for race purposes:	
(a) Loss at Bombay	40,000
(b) Profit at Bangaluru	20,000
(iii) Dividend(Gross) from Indian companies	6,000
(iv) Betting in horse races	4,000

(OR)

- b) Mr.Srinath (resident) acquires capital assets on 1-4-2010 for Rs.4, 00,000. He converts the capital assets into stock in trade on 1-4-2016. (FMV on the date of conversion in Rs.16, 20,000). The stock is sold by him on 10-3-2023 for Rs.58, 60,000.

Compute his capital gains and business profit taxable in the A.Y 2023-24

15. a) The following are the particulars of income /loss of Mr.A. you are required to set – off losses and carry forward and set-off where necessary.

Assessment year	Assessment year
2022-23	2023-24

	Rs.	Rs.
Income from salary (computed)	15,000	15,000
Income from interest on securities (Gross)	5,000	5,000
Loss from business	53,000	15,000
Short-term capital gain	8,000	-
Long- term capital gain (Land)	21,000	-

(OR)

b) Mr. Shyamol submits the following particulars for the assessment year 2023-24. Compute the gross total income.

	Rs.
Salary from DSBL Ltd. (computed)	4,50,000
Profit from agency business	1,34,000
Loss from cloth business	50,000
Loss from short –term capital assets	20,000
Loss from speculation in silver	60,000
Winning from battery	1,50,000
Casual income	10,000
Interest on securities (Gross)	20,000

SECTION - C

(4 X 10 = 40 MARKS)

ANSWER ANY FOUR OUT OF SIX QUESTIONS

(16th QUESTION IS COMPULSORY)

(K4 (Or) K5)

16. Give any ten examples of incomes which are totally exempt from income-tax.

17. Mr. Sri Kant owns two houses, the particulars of which are given below for the previous year 2023-24

Particulars	House A Rs.	House B Rs.
Rent Received	Nil	1,72,000 p.a.
Standard Rent	5,00,000 p.a.	1,50,000 p.a.
Municipal Valuation	4,90,000 p.a.	1,60,000 p.a.
Fair Rent	5,00,000 p.a.	1,80,000 p.a.
Municipal Taxes paid during the year	49,000 p.a.	16,000 p.a.
Fire Insurance (due)	5,000 p.a.	3,000 p.a.
Ground Rent Paid	4,500 p.a.	3,900 p.a.
Interest on money borrowed during 03-04 for construction of houses (50% paid)	36,000 p.a.	48,000 p.a.
Unrealized rent (Pertaining to this year)	Nil	6,000
Nature of occupation	Self -Occupied	Let Out

Compute income from house property for the assessment year 2019-20 assuming that the Assessing Officer is satisfied with the non-recovery of rent.

18. Mr. Ganesh the manager of Maruthi Suzuki Ltd., Mumbai, has furnished the following details the of his income for the year ended 31st March 2023.

- i) Basic salary Rs.21,000 per month.
- ii) Bonus at two months basic salary.
- iii) Commission is 3% on sales. During the year he reached a sales of Rs.5, 00,000
- iv) Dearness allowance forming part of salary Rs.7, 000 per month (considered to retirement benefits)
- v) Medical allowances Rs.1, 400 per month.
- vi) Entertainment allowances Rs.3, 000 per month.
- vii) Children's hostel allowance for his two children at Rs.500 per month per child.
- viii) RPF company's contribution Rs.6, 000 per month.
- ix) RPF own contribution Rs.5, 000 per month.

x) Interest on RPF at 11% p.a Rs.44, 000

xi) Transport allowance Rs.1, 800 p.m

He has been provided rent free furnished accommodation at Mumbai whose fair rental value is Rs. 10,000 and cost of furniture Rs.60,000. He paid professional tax of Rs.2, 400.

Compute his taxable salary for the assessment year 2023-24.

19. Kumar a lawyer by profession keeps his cash book as per cash system of accounting. The following is the summary of his cash book for the year ended 31st March 2023.

Receipts	Rs.	Payments	Rs.
To Balance	5,000	By Rent of Chamber	2,400
To Fees	35,000	By Car expenses	3,600
To Remuneration as examiner	3,000	By Household expenses	12,000
To interest on bank deposits	2,500	By Local taxes for the house	1,200
To Rent from House property	8,000	By Repairs of the house	4,000
To Dividends	1,600	By LIC premium for self	4,800
		By Cost of journals	4,000
		By Medical treatment of self	5,000
		By Balance	18,100
	<u>55,100</u>		<u>55,100</u>

Additional information:

(a) 1/3 of the house is used by Kumar for his own residence.

(b) Kumar is insured for Rs. 40,000.

(c) Kumar has to get Medical treatment for an eye ailment caused by intensive study of law books.

(d) ½ of the Car expenses relate to personal use of car by Kumar.

Depreciation computed at the prescribed rate on the written down value of the Car is 2,000.

Compute his income from profession.

20. Compute income from the other sources from the particulars given below:

1. Interest on deposits with a company Rs.10,000
2. University remuneration on working as examiner Rs.6,000
3. Royalty for writing books Rs.60,000
4. Dividend declared by R. Co. on 1-3-2023 but paid on 1-5-2023 Rs.6,000
5. Interim dividend paid on 1-5-2022 Rs.3,000
6. Stake money on race horse Rs.1,50,000
7. Family pension received Rs.36,000

21. Mr.R furnishes the following particulars of his income for the assessment year 2023-24. Calculate his total income.

(i) Pension from Government of India	96,000
(ii) Rent from house property (p.a)	12,000
(iii) Income from agency business	50,000
(iv) Loss from cloth business	70,000
(v) Speculation business income	5,000
(vi) Short term capital gain	4,000
(vii) Long term capital gain	19,500
(viii) Income from securities	10,000

The carry forward items from the assessment year 2022-23 are:

- i) Loss in agency business Rs.1,500
- ii) Speculation loss Rs.6,000
- iii) Loss from house property Rs.4,500
- iv) Short-term capital loss Rs.6,000
- v) Long-term capital loss Rs.6,500
- vi) Loss from interest on securities Rs.1,200.

