

(FOR THE CANDIDATES ADMITTED

21UBP514

DURING THE ACADEMIC YEAR 2021 ONLY)

REG.NO.

N.G.M.COLLEGE (AUTONOMOUS) : POLLACHI

END-OF-SEMESTER EXAMINATIONS : NOVEMBER-2023

B.ComBPS

MAXIMUM MARKS: 70

SEMESTER-V

TIME : 3 HOURS

PART - III

21UBP514- INCOME TAX

SECTION - A

(10 X 1 = 10 MARKS)

ANSWER THE FOLLOWING QUESTIONS.

MULTIPLE CHOICE QUESTIONS.

(K1)

1. Income Tax Act was passed in the year _____.
a) 1962 b) 1961 c) 1963 d) 1967
2. Gratuity received by a Govt. employee is _____.
a) Fully exempted b) Exempted upto Rs.10,00,000
c) Fully taxable d) Exempted upto Rs.5,00,000
3. Embezzlement of cash by a cashier is _____.
a) Revenue loss b) Capital loss
c) Casual loss d) Abnormal loss
4. Rate of tax for long term capital gain is _____.
a)10% b)20% c)30% d)40%
5. Deduction allowed u/s 80D shall be _____.
a)Rs. 8,000 b) Rs.10,000 c) Rs.25,000 d) Rs. 30,000

ANSWER THE FOLLOWING IN ONE (OR) TWO SENTENCES

(K2)

6. Define: Assessee.
7. Write a note on perquisites.
8. Define: Profession.
9. What is a capital asset?
10. Write a note on carry forward losses.

SECTION – B

(5 X 4 = 20 MARKS)

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

(K3)

11. a) Classify the types of Assessee.

(OR)

b) Explain the following:

- i) Assessment Year ii) Previous Year

12.a) Mr.Variender Singh retired on 31.12.2022 and his pension was fixed at Rs.3,600p.m. He got $\frac{3}{4}$ of the pension commuted for which he received Rs.1,80,000 from his employer, a Ltd. Co. Find out the taxable amount of commuted value of pension if:

- a) he gets gratuity and b) he does not get gratuity.

(CONT....2)

(OR)

b) Mr. Hari is employed at Amritsar on a salary of Rs.30,000 p.m. the employer is paying HRA 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.

13. a) Following is the profit and loss account of Kesari Mallaya for the previous year 2022-23.

Particulars	Rs.	Particulars	Rs.
To salaries	25,650	By gross profit	80,000
To rent	1,000	By bank interest	450
To commission on sales	100	By bad debts recovered(last year allowed)	2,000
To income tax	2,600	By income from house property	4,800
To entertainment expenses	600	By interest on commercial securities	2,000
To Commission paid to collect interest on securities	25		
To embezzlement of cash	1000		
To municipal tax	600		
To bad debts(allowed)	450		
To repairs to house	1625		
To office expenses	9180		
To depreciation	5000		
To LIC premium	1320		
To net profit	40,100		
	89,250		89,250

Allowable depreciation on the Assets in Rs.4,500

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

(OR)

b) Mr. X reveals the following information:
Purchases made during the year include a payment of Rs.2,10,000 made to a relative on 1/11/2022 in following manner.

- Rs.1,50,000 were paid by account payee cheque
- Rs.40,000 were paid by bearer cheque and
- The balance amount was paid in cash.

The assessing officer has allowed Rs.1,40,000 as reasonable amount to be allowed for this transaction.

- In this case how much amount will be disallowed u/s 40A(2) and 40A(3)

What difference it will make if the reasonable amount allowed by Assessing Officer is Rs.2,00,000

14. a) Compute the Income from house property from information given below:

Municipal Rental Value	Rs.18,000
Rent Received during the year	Rs.24,000
Municipal Taxes(50% paid by tenant)	1,800 p.a.
Expenses incurred on repairs	
(i) By owner	3,000
(ii) By tenant	3,000
Collection charges	1,000
Date of completion of house	01.06.1998

(OR)

b) Find out the indexed cost of the long term capital asset if they are sold during the previous year 2022-23.

S.No	Asset	Year of Purchase	Cost Rs.	FMV on 1/4/1981 Rs.
1.	Jewellery	2004-05	80,000	----
2.	Bonds	2006-07	2,00,000	----
3.	House	2010-11	4,00,000	----
4.	Plot inherited in 1999-2000	Acquired by father in 1998-99	1,00,000	2,00,000

CII for 2004-05 is 113, for 2006-07 is 122, for 2010-11 is 167 and 2022-23 is 331.

15. a) Calculate income from other sources:

	Rs.
Winnings from lottery	1,00,000
Amount received from race winnings	35,000
Gifts received:	
Received as gift from his friend	20,000
Received gift from his elder brother	1,00,000
Received as gift on marriage	1,40,000
Received gift from NRI friend	80,000
Another gift received from his friend	18,000

(OR)

b) From the following particulars compute the total income of Mr. David for the assessment year 2023-2024:

	Rs.
Income from house property	-8,000
Short term capital gain on sale of shares	95,000
Long term capital loss on sale of bonds	-85,000
Other sources: Interest on govt. securities	18,000

The assessee has unabsorbed depreciation of Rs.35,000 being brought forward from 2021-22. Assessee had closed the business and all the assets have been disposed of.

SECTION - C

(4 X 10 = 40 MARKS)

ANSWER ANY FOUR OUT OF SIX QUESTIONS

(16th QUESTION IS COMPULSORY AND ANSWER ANY THREE QUESTIONS (FROM Qn. No : 17 to 21)

(K4 (Or) K5)

16. Explain the residential status of an individual.

17. From the particulars given below, compute salary income of Sh.P.M. Dave, executive officer

in a company in Mumbai (population above 25 lakhs).

Pay @ Rs. 25,000 p.m.

DA @ Rs.5,000 p.m (enters into pay for retirement benefits)

Provided with rent free 5 room house fully furnished, the fair rental value being

Rs.12,000 p.m. Cost of furnishing Rs.1,30,000 which includes expenditure on furnishing a room Rs.30,000. This room is used by the officer for his employment purposes only.

His and employer's contribution to RPF @13% of salary.

Other benefits are:

i) Telephone Bill Rs.2,500 (telephone was installed at his residence for his official use).

ii) Club bill paid by employer Rs.4,100.

iii) Education Allowance Rs.3,900 (his two children are studying in school).

iv) Reimbursement of Medical bills for the treatment of a notified disease (Approved hospital) Rs.1,555.

(CONT....4)

- v) He is provided with a car of 1.4 H.P. Which he uses exclusively for employment purposes.
- vi) Leave Travel Concession for going to a hill station of Rs.26,500. His actual expenses were Rs.19,650.

18. The following is the Profit and Loss A/C of Robert on the basis of which he compute his gross total income for the assessment year 2023-24.

Particulars	Rs.	Particulars	Rs.
Salaries and Wages	12,000	Gross Profits	48,200
Rent,Rates and Taxes	3,200	Rent from house property	6,000
Trade Expenses	1,450	Dividend from an Indian Company	2,400
Advertisement	950		
Household expenses	3,500		
Discount and Rebate	1,250		
Postage and Stationery	275		
Fire insurance premium(let out property)	300		
Reserve for bad debts	1,000		
LIC premium	1,000		
Donation to an approved school	1,000		
Income Tax	3,300		
Repairs (House Property)	500		
Audit fees	300		
Loss of stock-in-trade	1,000		
Depreciation	1,000		
Interest on capital	200		
Net Profit	24,375		
	56,600		56,600

Additional Information:

Depreciation Allowable is Rs500.

He owns another house which is self occupied and for which he has paid Rs.12,000 as interest on loan taken for its repairs.

19. Dr. Sathish is Medical Practitioner. He gives you the following summary of cash book for the year ending 31.3.2023.

Particulars	Rs.	Particulars	Rs.
To Balance	10,000	By Rent of Clinic	18,000
To Consultation fees	60,000	By Purchase of medicine	38,000
To Visiting fees	45,000	By staff salaries	24,000
To Gifts and presents	8,000	By Surgical Equipment	40,000
To Sale of medicine	42,000	By motor car expenses	8,000
To Dividend from UTI	6,000	By Purchase of motor car	1,40,000
To Life Insurance maturity	1,00,000	By household expenses	7,000
To interest from National Defence Bonds	6,000	By closing balance	2,000
	2,77,000		2,77,000

Other information:

- 50% of the motor car expense incurred in connection with profession. Car was purchased in December 2022.
- Household expenses include Rs.6,800 for life insurance premium.
- Gifts and presents include Rs.3,000 from relatives.
- Closing stock of Medicine Rs.12,000 and on 1.4.2022 opening stock was Rs.4,000.

Compute his professional gain on the assessment year 2023-24.

(CONT....5)

20. Find out the indexed cost and capital gain in the following cases:

- 1) WDV of office furniture as on 1/4/2022 Rs.18,000
(which was purchased on 15/9/2008 for Rs.20,000 and sold on 1/9/2022
CII=331 for Rs.26,000)
- 2) Bonds purchased on 1/11/2006(CII=122)
for Rs.2,60,000 were sold on 1/1/2023(CII=331) for Rs 4,00,000
- 3) Cost of Acquisition of house at Delhi in 1996-97 Rs. 1,00,000
Cost of improvement made in 1999-2000 Rs 50,000
FMV on 1/4/2001(CII =100) Rs. 4,60,000
Cost of additions made in 2008-09 (CII=137) Rs. 3,20,000
Sale price of the house on 1/11/2022 (CII=331) Rs.28,60,000
Expense on sale Rs. 60,000
- 4) Mr.Raman Raju inherited a house at Ludhiana from his father Mr.D.Raju on 1/1/2006(CII-117). The house was acquired by Mr.D.Raju in 1989-90 for Rs.60,000 and its FMV as on 1/4/2001 was Rs.5,20,000 and it was sold in 2022-23(CII =331) for Rs 14,80,000.

21. Explain any ten exempted Incomes under Income Tax Act.
