

**N.G.M.COLLEGE (AUTONOMOUS) : POLLACHI  
END-OF-SEMESTER EXAMINATIONS : DECEMBER – 2022**

## **B.Com. – E.COMMERCE**

**MAXIMUM MARKS: 70**

## **V SEMESTER**

**TIME : 3 HOURS**

### PART - III

## INCOME TAX LAW AND PRACTICE

**SECTION – A (10 X 1 = 10 MARKS)**

## **ANSWER THE FOLLOWING QUESTIONS:**

## MULTIPLE CHOICE QUESTIONS

**ANSWER THE FOLLOWING IN ONE OR TWO SENTENCES.**

(K2)

6. Define Assessment Year .
7. What is meant by perquisites?
8. Write a short note on Annual Value.
9. What is meant by LTCG?
10. Explain the deduction U/S 80 D.

**SECTION – B****[ 5 X 4 = 20 MARKS]****ANSWER EITHER (a) OR (b) IN EACH OF THE FOLLOWING QUESTIONS.**

11. a] Mr.Velan of Madurai left India on 12<sup>th</sup> September 2021 as an employee in 'Jalausha' an Indian ship and was back in Madurai on 20<sup>th</sup> Sep.2022. Determine his Residential status for the assessment year 2022-23.

[OR]

b] Mr. R had the following income during the previous year 31-03-2022.

	<b>Particulars</b>	<b>Rs.</b>
1	Salary received in India for 3 months	9,000
2	Income from house property in India [Computed]	13,470
3	Interest on Savings bank Deposits in SBI	1,000
4	Amount brought into India out of the past untaxed profits earned in Germany	20,000
5	Income from Agriculture in Indonesia being invested in India	12,350
6	Income from Business in Bangladesh, being controlled from India	10,150
7	Dividends received in Belgium from French Companies out of which Rs.2,500 were remitted to India	23,000

You are required to compute his total income for the assessment year 2021-22, if he is:

a] Resident      b] Not ordinary Resident      c] Non-resident.

12. a] X, a resident of Ajmer, receives Rs. 48,000 as Basic salary during the previous year 2021-22. In addition, he gets Rs. 4,800 as dearness allowance forming Part of basic salary, 7% commission on sales made by him (sale made by X during the relevant previous year is Rs. 86,000) and Rs. 6,000 as house rent allowance. He however, pays Rs.5,800 as house rent, Determine the quantum of house rent allowance exempt from tax.

[OR]

b] Shri. Rajendran, an employee of Audco Ltd., receives Rs. 3,00,000 as gratuity. He is covered by the payment of gratuity Act, 1972. He retires on November 15,2021, after rendering service of 32 Years and 7 months. At the time of retirement his monthly basic salary and DA were Rs. 3,000 and Rs. 1,000 respectively. Compute the Taxable Amount on Gratuity received.

13. a] Calculate the Annual Rental Value from the particulars given below:

Actual Rent	Rs. 7,000p.m	MRV	Rs.60,000p.a
FRV	Rs.66,000p.a	Standard Rent	Rs. 69,000p.a

During previous year 2021-22 Assessee could not realise rent for two months.

[OR]

b] 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 31<sup>st</sup> March 2022.

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 Books for profession	4,000
		By Medical treatment of self	5,000
		By Balance	18,100
	<b>55,100</b>		<b>55,100</b>

**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) 1/2 of the Car expenses relate to personal use of the car by Kumar.

Depreciation computed at the prescribed rate on the written down value of the Car is Rs.2,000. Compute his income from profession.

14. a] Mr. Raman furnishes following details of various transactions:

S.no	Nature of Asset	Date of purchase	Date of sale	Cost of Purchase Rs.	Expenses on purchase Rs.	Sales value Rs.	Expense on sales Rs.
1.	Shares of P.S.Co (Listed)	1.2.2021	4.10.2021	20,000	200	40,000	500
2.	Unlisted shares of R.M.Co.	1.10.2020	31.12.2021	40,000	300	70,000	600
3.	Debenture of S.N.Co	1.12.2021	5.3.2022	50,000	--	40,000	200
4.	Debenture L.U.Co	1.6.2021	31 .12.2021	60,000	--	80,000	500

Calculate the total short term capital gain.

b] Mr. Basu received the following incomes during the year 2021-22. Compute Taxable income under the head 'Income from other sources', Separately for each case.

	Particulars	Rs
A	Winnings received from Sikkim Lottery	70,000
	Winnings from Horse Races	2,000
	Winnings from Crossword Puzzles	4,000
B	Winnings from Lottery	2,000
	Winnings received from Horse Races	56,000

15. a] Explain the deduction U/S 80 G.

[OR]

b] Briefly explain the concept of e-filing.

### SECTION-C

[ 4 x 10 = 40 MARKS]

**ANSWER ANY FOUR OUT OF SIX QUESTIONS.**

(K4/K5)

**[16<sup>th</sup> QUESTION IS COMPULSORY AND ANSWER ANY THREE QUESTIONS Q.NO 17 TO 21]**

16. The following particulars of Manoj's Income :

- [i] Salary[ after deducting Rs.28,000 for income tax at source] Rs.3,80,000p.a
- [ii] Dearness Allowance[ Under the terms of employment] Rs. 42,000 p.a
- [iii] Education allowance [For 3 children] Rs.15,700p.a
- [iv] Medical Allowance [Actual medical expenses Rs.14,000] Rs.37,200p.a
- [v] Rent free house [In Jaipur] the company paid Rs.8,000 p.m as rent. The house is furnished and the rent of the furniture is Rs.25,050 p.a.
- [vi] Domestic servant, a sweeper, and a watchman where paid by the company at Rs.1250 p.m each.
- [vii] The company Rs.8,000 on his refresher course
- [viii] his contribution to R.P.F Rs.31,000 and employers contribution Rs.36,000.
- [ix] The company has provided a free telephone at Mr.Manoj's residence and paid bill amounting to Rs.8,000.
- [x] Professional Tax RS.7000 paid by Mr.Manoj.

Compute taxable income from salary for the A.Yr.2022-23.

17. Sanjay owns 3 houses, House I & II are Self occupied, House III are Let out. The particulars of which are as under.

	<b>House-I [Rs]</b>	<b>House-II [Rs]</b>	<b>House-III [Rs]</b>
Municipal value	70,000	1,00,000	2,00,000
Fair rental value	82,000	1,30,000	2,20,000
Standard rent	--	1,10,000	2,30,000
Actual rent	--	--	2,00,000
Repairs	10,000	20,000	5,000
Insurance	6,000	7,000	3,000
Municipal taxes	5,000	10,000	15,000
Land Revenue	8,000	3,000	4,000

Interest on money borrowed for construction of the property II is Rs. 50,000. Date of borrowing of loans is 1.10.2017. Find the net income from house property.

18. Following is the P&L A/c of Ashwin Kumar for the year ending 31<sup>st</sup> March 2022. You are required to ascertain his income from business for the year ended on that date:

<b>Particulars</b>	<b>Rs</b>	<b>Particulars</b>	<b>Rs</b>
Salaries	7,800	Gross profit	35,672
Sundry expenses	1,200	Discount	751
Reserve for bad debts	3,000	Commission	1,205
Insurance	450	Sundry Receipts	52
Advertising	2,500	Profit on Sale of Import Licence	20,000
Income tax	2,375		
Loss on sales of Car	1,200		
Interest on Capital	1,000		
Interest on Bank loan	1,550		
Charity	150		
Taxation Reserve	3,000		
L.I.C(Self)	550		
Loss of a part to building by Fire	1,500		
Amount paid to a university For social research	10,000		
Depreciation:			
On Building	1,000		
On Furniture	200		
Difference in Trial Balance	105		
Net profit	30,100		
	<b>57,680</b>		<b>57,680</b>

**Additional data:**

- The Motor Car was used equally for business purpose and the proprietors Private purposes.
- Bank Loan is taken for business purposes.
- The amount of depreciation allowable according to Income tax Rules, in respect of Building and Furniture was Rs. 800 and Rs. 150 respectively.

19. Mrs. Hema furnished the following particulars of her income for the assessment Year 2022-23.

	Rs.
Salary from Aristocracy Private Ltd.,(Computed)	50,000
Dividends on TISCO shares(Gross)	1,500
Interest on Securities (gross)	7,500
Interest on fixed deposits in State Bank of India	3,200
Profits from agency business	10,000
Loss from speculation in shares	20,000
Profit from speculation in Silver	9,000
Loss from short term capital assets	5,000
First prize from Kerala State Lottery	1,00,000
Gains from playing Bridge in the club	5,500
Gains from playing Rummy in the office	1,000
Loss in flash (Card game) with friends	7,000
Maharashtra State lottery tickets bought	10,000
Loss in race course on betting	20,000
Expenditure in maintaining race horse	40,000
Stake money received in respects of the horses	90,000

You are required to compute the Gross Total Income for the relevant assessment year.

20. Mr.Kannan owns horses at Bangalore and Delhi. The horses run in races at the Respective race courses. During the year 2021-22, Mr. Kannan submits the following information.

	Rs.
(i) Expenses on race horses at Bangalore	4,00,000
(ii) Expenses on race horses at Delhi	6,00,000
(iii) Stoke money earned by Horses at:	
(a) Bangalore	5,00,000
(b) Delhi	3,00,000
(iv) Mr. Kannan received Rs. 1,26,000 on betting during horse races at Bangalore.	
(v) Kannan also received Rs. 49,000 as lottery winnings and his winnings from card games were Rs. 20,000, during the year.	

Compute the income from other sources of Kannan for the assessment year 2022-23.

21. Briefly explain the incomes exempted from income tax .