

NGM COLLEGE (AUTONOMOUS) POLLACHI

END-OF-SEMESTER EXAMINATIONS: DECEMBER-2022

B.Com-Banking & Insurance

MAXIMUM MARKS: 70

V SEMESTER

TIME: 3 HOURS

PART III

INCOME TAX

SECTION – A

(10 X1 = 10 MARKS)

ANSWER THE FOLLOWING QUESTIONS

MULTIPLE CHOICE QUESTIONS

(K1)

1. The term previous year means _____.
a) The financial year b) Calendar year
c) Accounting year d) The financial year before the assessment year
2. Education allowance is exempted for _____.
a) 1 Person b) 4 Persons c) 2 Persons d) 3 Persons
3. Income from the house for self-business is _____.
a) Net Profit b) Fair Rent c) Municipal Value d) Nil
4. The Income Tax rate on a long-term capital gain for an individual is _____.
a) 10% b) 20% c) 16% d) 25%
5. Section 80C applies on _____.
a) Individual and HUF b) Firm
c) Co-operative societies d) Company

ANSWER THE FOLLOWING IN ONE (OR) TWO SENTENCES

(K2)

6. Define tax.
7. Define allowance.
8. Explain profit.
9. Write a note on capital gain.
10. Expand HUF.

SECTION – B

(5 X 4 = 20 MARKS)

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

11. a) Compare the direct tax with indirect Tax.

(OR)

- b) Mr. Shyam, an Indian citizen went to U.S.A on 10thOctober 2013 and returned to India after two years' stay there. Again, on 10thOctober 2017, he went to Iran but returned on 10th May 2021. He made another attempt to go to abroad and finally succeeded to go to Canada. He left Delhi for Canada on 10thFeb, 2022. Find the residential status for the assessment years 2021-2022 and 2022-23.

(CONTD 2)

12. a) Compute taxable part of annual accretion from information given below:
- Salary @ Rs.48,000p.m
 - Commission @ 1% of turnover of Rs.80,00,000 achieved by him during the previous year.
 - Employer's contribution to RPF @ Rs.7,000 p.m
 - Interest credited to RPF balance @ 12% p.a is Rs.72000
- (OR)**
- b) Compute gross salary from information given below:
- Salary Rs.25,000 p.m.
 - D.A Rs.5,000 p.m.(Rs.2,500 p.m. enters into pay for service benefits)
 - Advance salary for two months Rs.55,000.
 - Employer's contribution to R.P.F Rs.3,500 p.m.
13. a) Compute the Annual Rental Value in the following case:
- Municipal Rental Value Rs. 48,000p.a.
 - Actual Rent Received Rs. 50,000 p.a.
 - Lift and pump Maintenance charges paid by owner Rs. 6,000p.a.
 - Salary of common Gardener and Watchman paid by tenants to the owner Rs. 500 p.m
- actual expenses incurred by the owner during the year are Rs.4,200
- (OR)**
- b) Mr.R gives you the following particulars from his accounts for the year ended 31/3/2022
- Net profit as per P&L account (without charging the following items) Rs. 2,75,000
 - Expenditure on family planning Rs. 45,000
 - Lump sum consideration for purchase of technical knowhow developed in government laboratory Rs. 90,000
 - Entertainment expenditure Rs 30,000
 - Expenditure on acquisition of patent right Rs. 84,000
 - Expenditure on advertisement paid in cash Rs. 8,000
 - Provision for GST Rs. 45000
(He paid Rs. 20,000 on 27/6/2022 and Rs. 7,000 on 10/11/2022. Due date of filing return Rs. 31/7/2022)
 - Amount paid to Rajasthan University for an approved Research programme in the field of social science not connected with his business Rs. 50,000
- Compute his business profit for the year ending 2021-22.
14. a) Mr. S. Krishna received a gift of a house in Nov. 2007 from Mr. K. Hegde who had purchased it in Nov. 1997 for Rs. 6,30,000. Mr. K. Hegde renovated the house in March 1998 at a cost of 2,70,000. Its FMV on 1-4-2001 was 10,00,000. In 1998-99 Mr. K. Hegde had agreed to sell the house and had received 1,00,000 as advance money. The sale could not materialise and advance money was forfeited. The house was further renovated in 2010-11 [C.I.I. 167] at a cost of 2,00,000. Mr. Krishna sold the house in December 2021 for 35,60,000 and paid 60,000 as brokerage. Compute his taxable capital gain if C.I.I. for 2001-02 was 100, for 2007-08 was 129 and for 2021-22 it is 317.
- (OR)**
- b) List the different kinds of incomes specially mentioned as chargeable to tax under the head 'Income from Other Sources'
15. a) Ms. Jaya, a Chartered Accountant, is living at Kanpur and carrying on his profession there. For the year 2021-22 he has supplied the following particulars. Compute his total income and tax liability for the assessment year 2022-23.
- Professional gain Rs. 5,00,000.
 - Rent received from house in Delhi Rs.18,000 p.a
 - Municipal taxes Rs.1,500 p.a
 - Long-term capital gain on sale of plot Rs. 10,000.
 - Part-time salary as lecturer in taxation laws Rs.1,64,000
 - Rent paid at Kanpur Rs.6,000 p.m.
 - Interest on Govt. securities Rs.29,000
- He deposited Rs. 15,000 in PPF account.

(CONTD 3)

- b) Ms. Renu paid the following insurance premium during the previous year 2021-22.
Compute the amount of deduction admissible U/S 80D.
- i) Life insurance premium on own life Rs. 6,000 p.a.
 - ii) Premium paid by cheque to General Insurance Corporation to ensure the health of wife and children Rs. 20,000 p.a.
 - iii) Accident insurance premium rupees Rs. 3000 p.a.
 - iv) Premium paid by cheque under Mediclaim to ensure the health of dependent mother Rs. 20,000 p.a.
 - v) Premium paid to G.I.C under Mediclaim in cash to ensure own health Rs. 3000 p.a.
 - vi) He paid to G.I.C under Mediclaim policy of his father to father (who is 70 years old) Rs. 28,000 p.a.
 - v) He spent Rs. 4,000 on the medical check up of his father.

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. Point out the exempted income under section 10 of Income Tax Act.
17. Mr. Ford an American national was appointed as Senior Scientific Officer in India on 1st April 2013. On 31st January, 2019 he went to Sri Lanka on deputation for a period of three years but left his wife and children, in India. On 1st May 2020, he came to India and took with him his family to Sri Lanka on 30th June, 2020. He returned to India and joined his original job on 20th Dec., 2021. What would be the status of Mr. Ford for income tax purposes for the assessment years 2019-20, 2020-21, 2021-22 and 2022-23?
18. X is a pilot in NEPC airlines at Chennai (population above 25 lakh). He draws Rs. 80,000 per month as salary, Rs. 16,000 p.m as D.A. (not considered for computing retirement benefit), Rs. 80,000, as bonus and Rs. 24,000 p.a as educational allowance. He has got 2 children studying by near by school. He is also paid a flight allowance of Rs. 4,000 per month to meet his personal expenses while on duty. He has been provided with a rent free unfurnished flat, the fair rental value of which is Rs. 2,40,000 p.a. Determine the taxable value of the perquisite and salary income.
19. Mr. Balan owns two houses, the particulars of which are given below for the previous year 2021

Particulars	House A Rs.	House B Rs.
Rent Received	NIL	NIL
Standard Rent	5,00,000 p.a.	5,00,000 p.a.
Municipal Valuation	4,90,000 p.a.	4,90,000 p.a.
Fair Rent	5,00,000 p.a.	5,00,000 p.a.
Municipal Taxes paid during the year	49,000 p.a.	49,000 p.a.
Fire Insurance (due)	5,000 p.a.	5,000 p.a.
Ground Rent paid	4,500 p.a.	4,500 p.a.
Interest on money borrowed during 98-99 for construction of houses (50% paid)	36,000 p.a.	36,000 p.a.
Unrealised rent (Pertaining to this year)	NIL	NIL
Nature of occupation	Self occupied	Self occupied

Compute income from house property for the assessment year 2022-23 assuming that the Assessing Officer is satisfied with the non-recovery of rent.

(CONTD 4)

20. Sri Murali furnishes the following particulars of the incomes for the previous year 2021 – 22. Compute his total income under the head other sources.

		Rs.
i)	Dividend Equity shares (gross) (Indian company)	600
ii)	Dividend on preference shares (Indian company)	3,200
iii)	Income from letting on hire of building and machinery composite lease	17,000
iv)	Interest on bank deposits	2,500
v)	Director's sitting fees	1,200
vi)	Ground Rent	600
vii)	Income from undisclosed sources (un explained)	10,000
viii)	Income from lotteries (gross)	10,000

The following deductions are claimed by him:

- Collection charges of dividend Rs.20.
- Allowable depreciation on buildings and machinery Rs.4,000.
- Fire Insurance on building and machinery Rs.100.

21. Particulars of income of Mr. Amalan and his family members are as under :

a. Self Income :

- Rental income from house property 36,000
- Income from business 3,02,000
- Interest on investments 15,200

b. Wife's Income :

- Rental income from house property gifted by her father 10,000
- Interest on debentures gifted by her husband in 2014 7,000

c. Major Son's Income :

- Salary from a company 2,84,000
- Rent from house property (The house was gifted by his Father in 2009 when he was minor) 24,000

d. Minor Son's Income :

- Salary received for service in a firm 68,000
- Interest on F. Deposit in a bank deposited by his father 12,000

e. Minor Daughter's Income :

- Interest on investments made by her mother in daughter's name 4,000
- Rent from house property gifted by her grand father 18,000

Compute separately individual gross total income of the family members keeping in mind clubbing provisions of the Income-tax Act.