

(FOR THE CANDIDATES ADMITTED

SUB CODE **21 UPA 306**

DURING THE ACADEMIC YEAR 2021-22 ONLY)

REG.NO. :

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

B.Com. – P.A.

MAXIMUM MARKS: 70

III SEMESTER

TIME : 3 HOURS

PART - III
INCOME TAX
SECTION – A

(10 X 1 = 10 MARKS)

ANSWER THE FOLLOWING QUESTIONS.

MULTIPLE CHOICE QUESTIONS.

(K1)

1. Income tax is
 - a] a direct tax
 - b] an indirect tax
 - c] business tax
 - d] none of these
2. Education allowance is exempted for
 - a] one person
 - b] four persons
 - c] two persons
 - d] none of these
3. Bad debts allowed earlier and removed latter on is.....
 - a] Business Income
 - b] Non-Business Income
 - c] Exempted Income
 - d] Income from Other sources.
4. Exemption U/S 54 is allowed.....
 - a] On sale of land
 - b] On sale of shares
 - c] On sale of residential house
 - d] Sale of personal effects.
5. Income from sub-letting of House Property is
 - a] Income from other sources
 - b] Property income
 - c] Exempted
 - d] Capital Gains

ANSWER THE FOLLOWING IN ONE (OR) TWO SENTENCES:

(K2)

6. Define the term 'Person'.
7. What are perquisites?
8. Define the term "Business".
9. What is the annual value?
10. Write two items taxable under the head 'Income from Other Sources'.

SECTION-B**(5X4=20 MARKS)****ANSWER EITHER (a) OR (b) IN EACH OF THE FOLLOWING QUESTIONS.**

- 11 .a] Shri Ramesh, who was born and brought up in India, went for further studies to the UK on 1st March, 2020 and came back to India on 1st October, 2021 early in the morning. Compute his residential status for the assessment Year 2022-23.

[OR]

- b) What are the two conditions to become a resident of an individual under IT Act?
- 11 a) Mr. Suresh is getting a pension of Rs.12,000 per month from company. During the previous year he got his two- third pension commuted and received Rs. 7,38,000. Compute the exempted amount, if:
- a) he also received gratuity, b) he did not receive gratuity.

[OR]

- b) Mr.Prasang is employed in a private company at Rs.70,000 per month, Rs. 6,000 per month as dearness pay and Rs.10,000 per annum as commission during the previous year. He received Rs. 2,000 per month as House Rent Allowance. He paid Rs. 2,500 per month rent. Compute House Rent Allowance exempted from tax.
13. a) What are the allowances that are admissible in determining the income from business?

[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 31st 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
	55,100		55,100

(CONTD.....3)

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) 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) Shri Sharma sells his residential house in Mangaluru on 24th August, 2021 for Rs.55,00,000 and incurs an expenditure of Rs. 1,00,000 in connection with the transfer. Cost of acquisition of the house for him in 1998 was Rs. 1,80,000 and on 1st April, 2001 the fair market value was Rs. 8,00,000. On 16th January, 2022 he deposits Rs. 20,00,000 in the Capital Gains Account Scheme. Compute the taxable capital gains for the assessment year 2022-23.

The cost inflation index for 2001-02 was 100 and for 2021-22 it was 317.

15. a) Compute income from other sources from the information given below:

- i) Winnings from lottery Rs. 1,00,000.
- ii) Amount received from race winnings, Rs. 35,000.
- iii) Gifts received:
 - a) Received Rs. 20,000 as a gift from his friend.
 - b) Received Rs. 1,00,000 as a gift from his elder brother.
 - c) Received Rs. 1,40,000 as a gift on his marriage.
 - d) Received Rs. 80,000 as a gift from his NRI friend.
 - e) Another gift of Rs.18,000 received from his friend.

[OR]

(CONTD.....4)

- b) From the following particulars compute the total income of Mr.David for the assessment year 2022-23.

Loss from house property	Rs. 2,60,000
Short term Capital gain on sale of shares	Rs. 2,40,000
Long term capital loss on sale of bonds	Rs. -85,000
Other Sources: Interest on Government Securities	Rs. 10,000

The assessee has unabsorbed depreciation of Rs.25,000 being brought forward from 2019-

20. Assessee had closed the business and all the assets have been disposed of.

SECTION-C

(4X10= 40 MARKS)

ANSWERS ANY FOUR OUT OF SIX QUESTIONS.

(16 TH QUESTIONS IS COMPULSORY AND ANSWER ANY THREE QUESTIONS)

16. Compute taxable salary of Mr. X for the Assessment Year 2022-23:

- Salary Rs. 60,000 p.m.
- D.A Rs.10,000 p.m.
- Entertainment Allowance Rs. 1,000 p.m.
- Employer's contribution to recognized provident fund Rs.88,800. His own contribution was Rs. 88,800.
- Interest @10% p.a. on credit balance of Recognized P.F. amounted to Rs.50,000.
- City compensatory allowance Rs. 500 p.m.
- Medical Allowance Rs. 1,200 p.m.
- He has been provided with a large car for both official and personal use. Employer bears all the expenses of the car.
- He is provided an unfurnished house by the employer in a city (population 12 lakh). The fair rental value of the house is Rs. 90,000 p.a. Employer charges Rs. 2,000 from him per month as rent.

(CONTD.....5)

17. The following are the Incomes of Shri Mahesh for the previous year 2021-22:

- i) Income from salary received in India for services rendered in London Rs.8,000 (computed).
- ii) Income from House property in Iran received in India Rs. 1,000,
- iii) Dividend from an Indian Company Rs. 2,000.
- iv) Interest earned and received in Bangladesh from bank deposits there Rs. 6,000.
- v) Profits of business established in Pakistan deposited in a bank there, this business is controlled from India (out of Rs. 20,000 a sum of Rs.10,000 is remitted to India) Rs. 20,000.
- vi) Income accrued in Bhopal but received in Singapore Rs. 6,000.
- vii) Income from agriculture in England, it is all spent on the education of children in London Rs. 5,000.

Compute Gross Total Income for the Assessment year 2022-23 if he is:

- 1) Ordinarily resident, 2) Not- ordinarily resident, and 3) Non- resident.

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

Particulars	Rs	Particulars	Rs
Salaries	7,800	Gross profit	35,672
Sundry expenses	1,200	Discount	5,751
Reserve for bad debts	3,000	Commission	1,205
Insurance	450	Sundry Receipts	5,052
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 On Furniture	1,000 200		
Difference in Trial Balance	105		
Net profit	30,100		
	67,680		67,680

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

	House-I[Rs.]	House-II[Rs.]	House-III[Rs.]
]
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.

20. Mrs.Hema furnished the following particulars of her income for the assessment Year 2022.

	Rs.
Salary from Aristorcracy 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.

21. What are the permissible deductions from Gross total Income?
