

PSG COLLEGE OF ARTS & SCIENCE
(AUTONOMOUS)

BVoc DEGREE EXAMINATION MAY 2023
(Fourth Semester)

Branch – BANKING, STOCK & INSURANCE

INCOME TAX

Time: Three Hours

Maximum: 50 Marks

SECTION-A (5 Marks)

Answer ALL questions

ALL questions carry EQUAL marks

(5 x 1 = 5)

- 1 In which year the income tax act was passed?
(i) 1935 (ii) 1950
(iii) 1961 (iv) 1972
- 2 Which of the following is not deductible from annual value?
(i) Interest on unpaid interest
(ii) Interest on loan taken for repairs
(iii) Interest on loan taken for reconstruction
(iv) None of these
- 3 Which expense is not an admissible expense?
(i) Bad debts (ii) Sales tax
(iii) Income tax (iv) Excise duty
- 4 Deduction in respect to donation to charitable institution comes u/s _____.
(i) 80E (ii) 80G
(iii) 80GG (iv) None of these
- 5 Who amongst the following confers on the power to issue circulars and clarifications?
(i) ITAT (ii) Central Government
(iii) CBDT (iv) State Government

SECTION - B (15 Marks)

Answer ALL Questions

ALL Questions Carry EQUAL Marks

(5 x 3 = 15)

- 6 a) Outline the Previous year and Assessment year.
(OR)
b) Mr. B, a married citizen of India left for Germany for the first time on 15.9.2020 on a business trip. He returned to India on 5.6.2021. During his absence from India he maintained a dwelling house for himself in Calcutta. Compute his residential status for the assessment year 2022-2023.
- 7 a) Compute Gross Salary of Mr. Ram from the following information.
i) Salary @ Rs.30,000 p.m
ii) D.A @ Rs.6,000 p.m
iii) C.C.A @ Rs.1,000 p.m
iv) House Rent Allowance @ Rs.8,000 p.m.
v) Commission on turnover achieved by him is Rs.40,000
vi) Living in own house
(OR)
b) Calculate ARV from the particulars given below:

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

Note: House was vacant for 2 months during the previous year 2021-2022.
- 8 a) Compare Business Vs Profession.
(OR)
b) Calculate the taxable capital gain from the following particulars given below.
i) Net consideration of a residential house Rs.10,00,000 (2.6.2021) (C.I.I :317)
ii) Cost of acquisition of this house Rs.2,10,000 (1.5.2007) (C.I.I:129)
iii) New house acquired on 1.9.2021 for Rs.2,00,000.

Cont...

- 9 a) From the Following information compute the income from other sources for the assessment year 2022-2023.

| | 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 Bangalore | 20,000 |
| iii) Dividend (Gross) from Indian companies | 6,000 |
| iv) Betting in Horse races | 4,000 |

(OR)

- b) The following are the particulars of income and loss of an individual under different heads of income. Set-off losses in the A.Y. 2021-2022 and find out Gross Total Income:

| Particulars | Rs. | Particulars | Rs. |
|------------------------------------|---------|---|--------|
| Income from House Property- A | 5,000 | Profit from Speculation Business | 20,000 |
| Income from House Property- B | -8,000 | Loss from short-term capital assets | 6,000 |
| Income from interest on Securities | 20,000 | Long-term capital loss | 25,000 |
| Income from a cycle business | -20,000 | Long-term capital gain (Investments) | 21,000 |

- 10 a) State the provisions relating to Search and Seizure.

(OR)

- b) Explain the powers of assessing officer.

SECTION -C (30 Marks)

Answer ALL questions

ALL questions carry EQUAL Marks (5 x 6 = 30)

- 11 a) Describe the exempted incomes u/s 10.

(OR)

- b) The following are the incomes of Mr. Salman for the previous year 2021-2022.

| | Rs. |
|--|--------|
| i) Profit on sale of machinery in Chennai but received in Australia | 30,000 |
| ii) Profit from business in Canada, the business being controlled from India (one-third received in India) | 42,000 |
| iii) Income from house property in Iran | 20,000 |
| iv) Agricultural income from England and was received there but later brought to India | 8,000 |
| v) Past untaxed foreign income brought into India during the previous year 2021-2022 | 6,000 |

Compute the total income of Mr. Salman for the assessment year 2022-2023 if he is Resident, Not ordinarily Resident and Non resident.

- 12 a) Mr. A gets a salary of Rs.40,000 p.m and is provided with rent free accommodation at Ludhiana (Population 20 lakhs) whose fair rental value is Rs.15,000 p.m. He gets leave encashment for the current previous year of Rs.20,000 during the year. House was provided to him with effect from 1.7.2021. His salary is due on 1st day of every month. Calculate the value of Rent free accommodation and gross salary.

(OR)

- b) Mr. P is the owner of a house property in Rourkela. It has been let out for Rs.90,000. The tax payable by the owner comes to Rs.8,400 on municipal valuation of Rs.84,000 but the landlord has taken an agreement from the tenant stating that the tenant would pay tax direct to the municipality. The landlord, however, bears the following expenses on tenant's amenities:

| | Rs. |
|--|--------|
| Water charges (as per agreement) | 1,000 |
| Lift Maintenance | 1,000 |
| Salary of Gardener | 1,200 |
| Lighting of stairs | 800 |
| The Land lord claims the following deductions: | |
| Repairs | 30,000 |
| Land revenue | 1,000 |
| Collection Charges | 2,000 |

Legal charges incurred on purchase of land on which property is situated Rs.24,000.

Compute the taxable house property.

- 13 a) From the following statement, compute the income from Profession of Dr. S.K.Kapoor if accounts are maintained on cash system:

| Particulars | Rs. | Particulars | Rs. |
|---------------------------------|-----------------|----------------------|-----------------|
| To dispensary rent | 36,000 | By visiting fees | 45,000 |
| To Electricity & Water charges | 6,000 | By Consultation fess | 1,25,000 |
| To Telephone charges | 6,000 | By Sale of Medicines | 72,000 |
| To Salary to Nurse & compounder | 36,000 | By Dividends | 5,000 |
| To Dep. On Surgical Equipment | 6,000 | | |
| To Purchase of medicines | 36,000 | | |
| To Dep. On X-ray machine | 4,000 | | |
| To Income Tax | 5,500 | | |
| To Donations | 4,000 | | |
| To Motor car expenses | 9,600 | | |
| To Dep. On Car | 4,000 | | |
| To Net Income | 93,100 | | |
| | 2,47,000 | | 2,47,000 |

- Notes: 1) Electricity & Water charges included domestic bill of Rs.2,500.
 2) Half of Motor car expenses are for professional use.
 3) Telephone Expenses included 40% for personal use.
 4) Opening stock of Medicines was Rs.6,000 and closing stock was Rs.4,000.

(OR)

- b) Mr.Ankit purchased a residential house during the previous year 2001-02 for Rs 40 lakhs and sold it for Rs 2 crores during the previous year 2021-22. He purchased two houses worth Rs.36 lakhs each on February 21, 2022. Calculate taxable capital gain u/s 54 for the assessment year 2022-23.
- 14 a) Explain in detail what are the deductions available u/s 80 out of gross total income.
 (OR)
- b) Mr Ram received the following gifts during the previous year 2021-22.
- Rs 11,000 from his father.
 - Rs 11,000 from his grandfather.
 - Rs 11,000 from his father's cousin.
 - Rs 5,000 from his father's friend.
 - Rs 5,000 from his own friend.
 - Rs 51,000 from his friend from U.S.A.
 - Rs 5,000 from his mother's cousin.
 - Rs 21,000 from other friends and neighbours.
 - He received of a gift of an imported watch worth Rs.35,000 from another friend from U.S.A.
- Find out the taxable gifts for the Assessment Year 2022-23.
- 15 a) Identify the powers of CBDT.
 (OR)
- b) Outline the Best Judgement Assessment.

Z-Z-Z

END