

PSG COLLEGE OF ARTS & SCIENCE
(AUTONOMOUS)

BCom DEGREE EXAMINATION MAY 2024
(Fifth Semester)

Branch – COMMERCE (BUSINESS ANALYTICS)

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. An individual who wants to be a resident of India must satisfy at least
(i) One of the Two basic Conditions (ii) Both the Basic Conditions
(iii) Both the Additional Conditions (iv) None of These
2. The basis of the Charge for tax on income from house property is
(i) Municipal value (ii) Rental Value
(iii) Annual Value (iv) Market Value
3. General deductions for Business or Profession are covered in the I.T Act 1961 under
(i) Sec. 20 (ii) Sec. 37
(iii) Sec. 31 (iv) Sec. 45
4. Income from other sources is a
(i) Residuary head of Income (ii) Major head of Income
(iii) Income from a single source (iv) Constant and regular income
5. Family pension is subject to
(i) Taxable at 20% (ii) Taxable at 30%
(iii) Standard Deduction (iv) None of These

SECTION - B (15 Marks)

Answer ALL Questions

ALL Questions Carry EQUAL Marks

(5 x 3 = 15)

6. a) Distinguish between Assessment year and Financial Year.
(OR)
b) Mr. James a Foreign national came to India for the first time on June 15, 2017. During the financial years he stayed India, 2017-2018 – 50 Days; 2018-2019 – 183 Days; 2019-2020 – 115 Days; 2020-2021 – 25 Days; 2021-2022 – 190 Days and 2022 -2023 – 58 Days. Ascertain his residential status for the assessment year 2023-2024.
7. a) Kamali is an employee of a partnership firm. She submits the following information:
Basic salary Rs. 30,000 per month. Dearness allowance Rs.8,000 per month (1/4 of which is part of salary for retirement benefits) Employer's Contribution to provident fund Rs. 4,000 per month. (Shruti makes an equal contribution) interest credited at the rate of 15 per cent: Rs.30,000. Commission received by her on turnover Rs.10,000. Fixed commission per month Rs.3,000. Bonus Rs.5,000. Children hostel expenditure allowance received for 3 of her children Rs.15,000.
Find out the gross income of Kamali if the provident fund is Recognised provident fund.
(OR)
b) Mr. Baskar has Let out a house property for a monthly rent of Rs. 20,000. Its Municipal Value is Rs.2,50,000 p.a. Its Fair Rental Value is Rs.2,40,000 p.a. It has been let out from 1-10-1991. Mr. Baskar paid Rs.10,000 as municipal taxes. Municipal taxes paid by the tenant are Rs.5,000. Municipal taxes of Rs.3,000 are due but not paid. Out of Rs.10,000 paid by Baskar Rs.2,000 relates to the subsequent two years. Find out the net annual value of the house property for the Assessment year 2023-2024.

Cont...

8. a) What are the inadmissible Expenses? Explain.

(OR)

b) Mr. Maran owned two motor cars were mainly used for business purposes. The written down value on April 1, 2022 of these cars is Rs.1,81,000. The block of assets comprising of only these two cars was sold in July 2020 for Rs.1,50,000. In September 2020, he sold 1,000 shares in X Ltd. (Unlisted) an Indian Company, for Rs. 30,00,000. He had purchased the same during March, 2005 for Rs. 3,10,000. A house plot purchased in March ,2011 for Rs.3,00,000 was sold by him for Rs.9,35,000 on January 18, 2020. (CII 2010- 2011:167; 2004-2005 :113; 2022-2023 : 348)

Compute the capital gains chargeable to tax in respect of the above transactions for the assessment year 2023-2024

9. a) Mr. Mathesh received the following incomes during the year 2022-2023. Compute taxable income under the head Income from other Sources Separately each cases:

	Rs.
(A) Winnings received from the 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

(OR)

- b) What do you mean by Tax-free Securities? Give Two Examples.

10. a) Master Ragul Age 16 Received the following incomes during 2022-2023.

	Rs.
Interest on bank deposits	75,000
Interest on Govt. Securities	80,000
Interest on Debentures	40,000
Income by acting in a firm	1,00,000
Income by a singing concert held by him	50,000
His father's total income	1,09,000
His mother's total income	1,09,100

Decide about the person in whose hands the above incomes shall be taxable and the amount of income to be taxed.

(OR)

- b) Explain types of Set of Losses and Carry forward Losses.

SECTION -C (30 Marks)

Answer ALL questions

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

11. a) Mr. Jeeva is a German Citizen. During the Financial year 2022-23 he was in India for 120 days. Determine his residential status for the Assessment year 2023- 24 on the assumption that during the Financial years 2012- 2013 to 2021-2022 he was present in India as follows:

Year	Days
2012-2013	20 Days
2013-2014	16 Days
2014 -2015	28 Days
2015 -2016	30 Days
2016 -- 2017	50 Days
2017 -2018	150 Days
2018 - 2019	59 Days
2019 -- 2020	59 Days
2020 -- 2021	182 Days
2021 -- 2022	182 Days
2012- 2013	20 Days

(OR)

b) Mr. Balaji earns the following income during the previous year 2022-23.

Particulars	Rs.
1. Interest from an Indian company received in Germany	1,00,000
2. Pension from former employer in India received in U.K.	2,00,000
3. Profits made from a business in Hongkong which is Controlled from India, (Half of the profits being received India.	20,000
4. Income from companies in USA and received India.	1,00,000
5. Income from Agriculture in USA and received in India.	10,000
6. Income from employment in Japan received there.	20,000
7. Past untaxed profits brought to India.	50,000

Compute Gross Total Income of Mrs. Subha for the Assessment year 2023-24, if he is:

- Resident and Ordinarily Resident in India.
 - Resident but not ordinarily Resident in India.
 - Non Resident in India.
12. a) Mr. Ram is General Manager of a Company in Delhi and draws Rs.8,500 per month as salary. He is provided with a house for which the company pays Rs. 60,000 P.A. as rent. Furniture and fittings costing Rs.30,000 are also provided. He is also provided with a Car of 1.6 Ltrs. Rating by his employer and the Car is used both for Private and official purposes. All expenses including the salary of the driver are borne by the employer. The employer has also provided him services of sweeper @ Rs.140/-p.m. a watchman @ Rs.160 p.m. and Gardner @ Rs. 600 p.m. He is a member of a recognized Provident fund to which he contributes 12% of his salary and a similar contribution is made by the employer. Interest on provident fund balance at 14% credited to his provident fund account amounted to Rs. 4,200. His son is studying in an engineering college and the expenditure of Rs. 24,000 p.a. on this account was met by the employer.

Compute his salary income for the previous year 2022-2023. Find QA u/s 80 C.

LIC premium paid on own life Rs. 80,000, own contribution to superannuation fund Rs.60,000.

(OR)

- b) Briefly explain the Following:
- Fair rental Value
 - Municipal valuation
 - Standard Rent
 - Actual Rent

13. a) From the following profit and loss A/c of a manufacturer, calculate income under the head "Profits and gains of Business or Profession" for the year ending 31st March 2022.

Particulars	Rs.	Particulars	Rs.
Salaries to employees	95,000	Gross profit	3,80,000
Advertisement expenses (paid in cash)	24,000	Interest on securities	14,000
General expenses	16,000	Income from House property	25,000
Entertainment expenses	22,000	Bad debts recovered (Allowed earlier)	12,000
Drawings by Proprietor	1,500		
Bad debts	24,000		
Sales tax (due and paid on 1.7.2021)	6,000		
Interest on proprietor's capital	7,000		
Repairs	2,500		
Rent	21,000		
Legal expenses	5,000		
Depreciation	15,000		
Bonus	6,000		
Bonus to proprietor	4,000		
Car purchased	72,000		
Expenses on car during the year	12,000		
Donation	2,000		
Provision for bad debts	6,000		
Net profit	90,000		
	4,31,000		4,31,000

Cont...

From the examination of books accounts, the following other information is available.

- Advertisement expenses were spent on insertion in newspapers.
- Rs.3,000 was spent on the purchase of land and is included in legal expenses.
- Half of the repair expenses were on let-out building.
- Depreciation allowable on all assets including car is Rs.14,400.
- Bonus was paid to employees on 30.06.2018 and the due date of filling of returns is Rs. 31.07.2023.

(OR)

- b) Mr. Singh is participating as Chartered Accountant in Delhi. He deposits all receipts in his bank Account and Pays all expenses by cheque. Following is the analysis of his bank account for the year ending 31.03.2023. Compute his income from his profession.

Receipts	Rs.	Payments	Rs.
Consultation	4,00,000	Computer purchased	50,000
Audit fees	90,000	Stipend to articled clerks	24,000
Appellate Tribunal appearance	50,000	Office expenses	30,000
Presents from clients	20,000	Office rent	15,000
Interest on Govt. Securities	60,000	Salaries and wages	18,000
Rent received from house	70,000	Printing and Stationery	5,000
Loan from Client	1,00,000	Subscription to C.A institute	800
Miscellaneous receipts	7,000	Purchase of books for professional use (Annual Publication)	10,000
		Travelling expenses	12,000
		Interest on loan	15,000
		Donation to NDF	

Additional Information:

- Travelling expenses are incurred for the profession.
- Computer is purchased on 1.8.2022 and used for office purposes.
- 50% of the books were purchased in August 2022.
- ½ of Travelling expenses are disallowed.
- ½ of the loan from the client is used for personal purposes.

14. a) Compute the income from other sources of Miss. Meera from the following details furnished:

- She holds Rs.50,000, 10% tax-free Government securities.
- She received Rs. 10,000, interest on Tamilnadu state Government securities.
- She holds 1,00,000, 10% Tax-free debentures of P & R Co.Ltd. (Listed).
- Rs.12,000, interest was received by her on Tax-free securities of a Ltd. Company.
- Rs. 60,000, 15% debentures are held by her in a Ltd. Company.
- Rs.8,000, interest was received by her on securities of a paper mill Company. (Listed).

(OR)

- b) From the following particulars of Mr. Edward for the previous year ended 31st March,2023. Compute his total income for the AY 2023-2024.

	Rs.
He Received:	
Director's fee from a company	10,000
Interest on bank deposits	3,000
Income from Undisclosed sources	12,000
Winnings from Lotteries(net)	82,200
Royalty on a book written by him	8,000
By giving lectures in functions	5,000
Interest on loan given to a relative	7,000
Interest on Tax free debentures of a company (listed recognized stock exchange)	3,560
Dividend on shares	6,400
Interest on post office savings bank A/c	500
Interest on Government securities	2,200
Gift received from a friend on 1-8-17	26,000
Gift received from his sister on 1-10-17	50,000

Cont...

He Paid Rs.20 for the collection of dividends and Rs.1,000 for typing the manuscript of a book written by him.

Mr. Edward has the following transaction:

1. House property 'A' purchased for Rs.6,00,000 (stamp duty Value Rs.6,50,000)
 2. Plot of purchase for Rs.7,00,000 (stamp duty value Rs.9,00,000)
15. a) Shri Sridhar , an individual submits the following information relevant for the A.Y 2023-2024.

Particulars	Profit	Loss
Salary income (Computed)	84,000	
Income from House Property (Computed)		
House X	30,000	
House Y		34,000
House Z		42,000
Profits and gains of Business or Profession:	16,000	
Business A		20,000
Business B	22,000	
Business C Speculation		46,000
Business D Speculation		
Capital Gains:	12,000	
STCG		56,000
STCL	25,000	
LTCG		
Income from Other Sources:	38,000	
Income from Card Games	30,000	
Income from Betting		14,020
Loss from Card games		12,000
Loss on Maintenance of Race Horses	8,000	

(OR)

- b) Describe the Importance of Clubbing Income.

Z-Z-Z

END