

PSG COLLEGE OF ARTS & SCIENCE
(AUTONOMOUS)

BCom(CS) DEGREE EXAMINATION DECEMBER 2022
(Fifth Semester)

Branch – CORPORATE SECRETARYSHIP

TAXATION LAW AND PRACTICES

Time: Three Hours

Maximum: 75 Marks

SECTION-A (10 Marks)

Answer ALL questions

ALL questions carry EQUAL marks (10 x 1 = 10)

- 1 A deduction regarding rental house property u/s 24 shall be allowed as under:
(i) actual amount spent on repairs (ii) 30% of Net annual value
(iii) 40% of Net annual value (iv) None of these
- 2 Income Tax is charged in
(i) Financial Year (ii) Assessment Year
(iii) Previous Year (iv) All the above
- 3 A short term capital Asset (except financial assets and immovable property) is the one held for not more than _____ months.
(i) 48 (ii) 36
(iii) 60 (iv) 70
- 4 Unabsorbed depreciation can be carried forward for set-off:
(i) for a period of four years only (ii) for a period of eight years only
(iii) for an unlimited number of years (iv) for a period of five years only
- 5 Delhi Golf, a club, lets out its furnished rooms solely to its members on regular basis. The income earned by the club from such letting-out will be chargeable under the head
(i) Income from salary (ii) Income from House Property
(iii) Income from Other Sources (iv) Income from set off
- 6 Proceeds of benefit match received by a cricket player are:
(i) Deductible income (ii) Professional income
(iii) Causal income (iv) other income
- 7 Amit has received Rs.25,000 from his former employer as arrear salary of previous year, Rs.85,000 from present employer and Rs.50,000 from the company he is going to join from 01.04.2021, during the previous year 2020-21. The total amount of salary
(i) Rs.1,60,000 (ii) Rs.1,30,000
(iii) Rs.1,10,000 (iv) Rs. 1,20,000
- 8 The apex body of Income Tax Department is
(i) Finance Ministry of Central Govt. (ii) Central Govt. of India
(iii) CBDT (iv) None of these
- 9 An individual who wants to be resident of India u/s 6(i) (a) must stay in India for at least
(i) 182 days (ii) 365 days
(iii) 730 days in 7 previous years (iv) 362 days
- 10 Savings in the form of deposits in NSC account qualify for deduction u/s _____.
(i) 80 G (ii) 80 C
(iii) 80 D (iv) 80 E

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SECTION - B (35 Marks)

Answer ALL Questions

ALL Questions Carry EQUAL Marks(5 x 7 = 35)

- 11 a Find the assessment year for the following previous year:

Income	Previous year
Salary income of Mr. A	April 2020 to March 2021
Business income of Mr. B	April 2020 to March 2021
Newly set up business on	12/05/2020
Newly set up business on	Diwali 2020
House property income	April 2021 to March 2022

OR

- b List down any five exempted incomes.

- 12 a Mrs. Priya is employed in H.L. Limited as Marketing Officer at Vijaywara. She resigned from the job on 31/07/2020. Her salary particulars are:

Pay	Rs. 25,000 P.m
D.A.	Rs. 12,500 P.m
C.C.A.	Rs. 500P.m

Conveyance allowance Rs.1000P.m. She claims to have spent 75% of this performance of her duties. From 1/8/2020 she joined XYZ limited at Hyderabad. Her salary particulars from her new employer are as follows:

Pay	Rs. 27,000 P.m
D.A.	Rs. 13,500 P.m
C.C.A.	Rs. 700P.m
H.R.A	Rs. 8000P.m(She Pays Rs.12,000P.m.as rent)

She and her both employers were contributing @14% of salary towards Recognised Provident Fund. Compute her salary income for the Assessment year 2021-22 if her salary is due on last date of the month.

OR

- b Mr. Ravi Prasath owns a house property Cochin. It consists of 3 independent units and information about the property is given below:

UNIT 1: Own residence UNIT 2: Let out UNIT 3: Own business

MRV	1,20,000 p.a.
FRV	1,32,000 p.a.
Standard Rent	1,08,000 p.a.
Rent	3,500 p.a.
Unrealised Rent	For 3 months
Repairs	10,000
Insurance	2,000
Interest on money borrowed for the construction of property	96,000
Municipal taxes	14,400
Date of completion	1-11-2015

- 13 a During the year ended 31
- st
- March 2021 Mr. Datson sold the following assets:

Particulars	Sale Proceeds
Shop purchased in 2005-06 (C.I.I. : 117)for Rs.48,000	1,80,000
Machinery purchased in 2003-04 (C.I.I. : 109) for Rs.50,000(W.D.V. on 1-4-2020 Rs.35,000)	60,000
Furniture purchased 1-5-2020 for Rs.1,000	1,300
Machinery purchased 1-5-2020 for Rs.10,000	12,000
Agriculture land in Agra purchased in 1998-99 for Rs.40,000(F.M.V. on 1-4-2001 (C.I.I. : 100) beingRs.72,000	2,80,000
One residential house purchased in 2007-08 (C.I.I. : 129) costing Rs.80,000.	2,90,000

During the year he bought a new house for his residence for Rs.6, 00,000. Cost Inflation Index for 2020-21 is 301.

OR

Cont...

- 13 b Mr. Kanan received the following gifts during the previous year 2020-21. Compute his taxable income under the head "Income from other resources":
- Received Rs.1,00,000 as gift from Y(friend) on 1-6-2020;
 - Received a microwave costing Rs.14,500 as gift from his another friend Z.
 - Received Rs.50,000 as gift from another friend Amrit on 1-11-202;
 - Received Rs.30,000 as gift from his sister on 1-1-2021;
 - Received Rs.40,000 as gift from his friend Mr. D on 1-12-2020;
 - Received Rs.1, 60,000 as gift from his non-resident friend on 1-2-2021.
 - On April 13, 2020, he receives a plot worth Rs.10 Lakhs from his nani's sister-under a will.
 - On June 21, 2020, he purchased a house from father in law of his brother for Rs. 5 lacs. The stamp duty value of the house is Rs. 7 lacs.

- 14 a From the particulars given below, compute the total income for the previous year 2020-21:
- Income from let-out house (computed) Rs.6,000
 - Annual Rental value of his self occupied house Rs.4,000.
 - Municipal taxes Rs.400
 - Profit from electric goods business after depreciation Rs.10,000
 - Profit from agency goods Rs.3,000
 - Speculation gain from Gold Rs.2,000
 - Long term capital gain from land Rs.7,000
 - Short term capital gain Rs.2,000

Following losses have been brought forward from 2019-20 previous years:

- Loss from electric goods business Rs.6,000.
- Loss from an agency business Rs.1,000.
- Speculation loss from silver Rs.4,000.
- Unabsorbed Dep. Rs.1,000.
- Long term capital loss (Land) Rs.4,400.
- Short term capital loss Rs.3,000.

OR

- b Explain the term clubbing of Income? When and how it is applicable.

- 15 a Narrate the procedure in E-filing of Income Tax Return.

OR

- b Bring out the meaning of (a) self-assessment (b) appeals

SECTION - C (30 Marks)

Answer any **THREE** Questions

ALL Questions Carry EQUAL Marks (3 x 10 = 30)

- 16 The following are the incomes of Mr. Salmon for the previous year 2020-21:
- Profit on sale of machinery in Bangalore but received in Australia Rs.30,000
Profit from business in Canada, the business being controlled from India (one third is received in India). Rs.42,000.
 - Profit from business in Canada, the business being controlled from India (one third is received in India). Rs.42,000.
 - Income from house property in Iran Rs.20,000
 - Agricultural income in England and was received there but later brought into India 8000
 - Past untaxed foreign income brought into India during the previous year 2020-21.
- Compute the total income of Mr.Salman for the Assessment year 2021-22 if he is (a) resident (b) not ordinarily resident or (c) Non Resident

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- 17 From the particulars given below calculate salary income of Mr. Jadav for the assessment year 2021-22.
- Basic pay - Rs.15000 p.m. (due on last day of month)
 - D.A. - 60% of salary (50% of D.A forms part of salary from 1-1-2021)
 - Bonus - basic salary for one month;
 - Commission - Rs.66,000
 - Leave encashment - Rs.20,000 .It relates to encashment of current year's leave.
 - He has engaged a helper at Rs.1200p.m and his employer pays him Rs.1500 p.m. on this account.
 - Medicals bills for Rs.50,000 were reimbursed in following manner:
 - From a notified hospital in respect of a notified disease Rs.12,000
 - From a private nursing home Rs.38,000
 - Personal Mobile telephone bill of employee paid by employer Rs.15,000.
 - He has employed a cook for his personal use at Rs.1,000p.m. and his employer has reimbursed such salary.
 - On 1-12-2020 he has taken a loan of Rs.6,00,000 from his employer to purchase a car. Rate of interest is 7.5%p.a. Repayment of loan @Rs.5,000 p.m. is to start after 4 months from the date of taking is loan. Prescribed rate of interest by SBI as on 1-4-2020 is assumed to be 9.5%.
 - He and his employer contribute Rs.3, 000 p.m. each towards RPF.
 - Interest credited on the accumulated balance of RPF@10% is Rs.20,000.
 - He received Rs.20, 000 as leave travel concession but has not travelled anywhere.
 - He has been provided with free use of car of 1.8litre C.C. Car is used for employment purposes only.
 - He has been provided with a rent free house hired by employer at Rs.20,000.p.m. Mr. Jadav is posted at Nagpur, population of which is 18 lakhs. On 10th march, he was transferred to Bhopal while his family stays at Nagpur. He joined his duty on 12 March at Bhopal and stayed in a hotel for 10 days and hotel tariff of Rs.1,500 per day was paid by employer.
- 18 Following are the details of income from the P&L A/c of M/s Kartik Traders; owned by Mr. Sharma for the previous Year 2020-21.

Profit and Loss Account			
Dr.	Amount Rs.	Cr.	Amount Rs.
To Opening stock	72,000	By sales	12,00,000
To purchase	8,00,000	By closing stock	81,000
To wages	30,000		
To carriage & freight	40,000		
To G.P. c/d	3,39,000		
Total Amount	12,81,000	Total Amount	12,81,000
To Staff Salaries	90,000	By G.P. b/d	3,39,000
To Rent & Taxes	20,000	By Life Policy Amount	5,000
To Advertisement	20,000	By Sale of old machinery	2,000
To Printing Stationery	20,000	By interest & dividends	4,000
To GST	10,000		
To Audit fees	20,000		
To Contribution to staff welfare fund	10,000		
To Donations	10,000		
To patents purchased	90,000		
To interest on capital	10,000		
To Income tax	10,000		

18. Cont

To Reserve for bad debt	10,000		
To Dep. Reserve	10,000		
To N.P c/d	20,000		
Total Amount	3,50,000	Total Amount	3,50,000.

Additional information:

1. The opening stock has been valued at cost minus 10% basis, but not the closing stock.
 2. Purchase includes a payment of Rs.30, 000 by a bearer cheque to a supplier.
 3. Depreciation allowable as per I.T. rules for the year was Rs.8,000.
 4. Freight includes Railway Demurrage Rs.2, 000 and railway penalty Rs.5,000.
 5. Advertisement includes expenses on 30 gift articles given to select customers at a cost of Rs.300 each.
 6. Entertainment expenses for Rs.8,000 have been spend during the year but not debited to P/L A/C.
 7. He has carried forward the business loss of Rs.6,000 from the earlier Assessments.
- Compute his net business income for the assessment year 2021-22.

19 From the following given below, determine total income of Mr. Rohit Sharma for the assessment year 2021-22.

Salary income (computed) Rs.4,50,000

House property income (computed) Rs. 30,000

Business loss (-)Rs.80,000

Capital gain: Short term Rs.20,000. Long term Rs.12,000.

Income from other sources:

- i. Winnings from lottery Rs.50,000.
- ii. Winning from card games Rs.16,000.
- iii. Interest on Securities Rs.10,000.

Mr. Rohit's Savings are:

- a. RPF Rs.1,000 p.m.
- b. Life insurance premium Rs.20,000 p.a. On a policy value of Rs.1, 50,000. Policy acquired a 2008.
- c. Life insurance premium of father Rs.10,000.
- d. Life insurance premium of major son 12,000 p.a. on a policy of 1,00,000. Policy acquired in 2013.
- e. Contribution towards pension fund of LIC Rs.12,000.

Mr. Rohit paid medical insurance as under:

- a. Own medical insurance premium paid Rs.16,000 and also paid Rs.12,000 as medical insurance premium of his spouse. Both these premiums are paid by cheque.
- b. Medi-claim insurance premium of his old father (paid by cheque) Rs.8,000.
- c. Medi-claim insurance premium of his mother paid in cash Rs.5,000.

Mr. Rohit 's old father is handicapped and he spent Rs.30,000 on his treatment during the previous year 2020-21.

Mr. Rohit is suffering from a specified disease and during the year he spent Rs.60,000 on the treatment.

Mr. Rohit's son is studying in a reputed management college and doing MBA and he took a loan of Rs.2, 00,000 @ 12% from a Nationalized Bank in 2017. During the previous year 2020-21.

Mr. Rohit re-paid to the Bank Rs.48,000 which includes interest of Rs.24,000.

20. Discuss the Power of Central Board of Direct Taxes.

Z-Z-Z

END