

**PSG COLLEGE OF ARTS & SCIENCE  
(AUTONOMOUS)**

**BVoc DEGREE EXAMINATION MAY 2022  
(Fourth Semester)**

Branch – **COMMERCE (BANKING, STOCK AND INSURANCE)**

**INCOME TAX**

Time: Three Hours

Maximum: 75 Marks

**SECTION-A (10 Marks)**

Answer **ALL** questions

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

- 1 Income of Previous year (1-6-2020 to 31-3-2021) is taxable in the assessment year
 

|                  |                |
|------------------|----------------|
| (i) 2021-2022    | (ii) 2020-2021 |
| (iii) 2019 -2020 | (iv) 2018-2019 |
- 2 In case of Hindu Undivided Family the exempted limit of income for assessment year 2021 -2022 is
 

|                  |                    |
|------------------|--------------------|
| (i) ₹ 2,50,000   | (ii) ₹ 2,00,000    |
| (iii) ₹ 3,00,000 | (iv) None of these |
- 3 Statutory limit u/s 16 (ii) for deduction of entertainment allowance in case of Govt employee is
 

|                                 |              |
|---------------------------------|--------------|
| (i) ₹ 5,000                     | (ii) ₹ 7,500 |
| (iii) 25% of employee 's Salary | (iv) ₹ 9,000 |
- 4 Rent fixed as per rent control act is called
 

|                     |                    |
|---------------------|--------------------|
| (i) Fair rent       | (ii) Actual rent   |
| (iii) Standard rent | (iv) None of these |
- 5 A Short – term Capital asset (except financial assets and immovable property) is the one held for not more than
 

|                 |                |
|-----------------|----------------|
| (i) 48 Months   | (ii) 36 Months |
| (iii) 60 Months | (iv) 40 Months |
- 6 Income form speculative transactions is taxable under the head
 

|                          |                                   |
|--------------------------|-----------------------------------|
| (i) Capital guns         | (ii) Income from other sources    |
| (iii) Income from salary | (iv) Profit and gains of business |
- 7 Statutory limit for deduction u/s 80GG is
 

|                   |                  |
|-------------------|------------------|
| (i) ₹ 3,000 p.m   | (ii) ₹ 2,500 p.m |
| (iii) ₹ 5,000 p.m | (iv) ₹ 7,000 p.m |
- 8 Unabsorbed speculation business loss can be carried forward for set off:
 

|                              |                              |
|------------------------------|------------------------------|
| (i) For a period of 4 years  | (ii) For a period of 8 years |
| (iii) For a unlimited period | (iv) For a period of a years |
- 9 The CBDT functions under the control of
 

|  |
|--|
| (i) RBI                                  |
| (ii) Ministry of finance, Govt of India  |
| (iii) Ministry of defence, Govt of India |
| (iv) IRDA                                |
- 10 Filing of return by salaried employees through their employers is done by using the form
 

|                |               |
|----------------|---------------|
| (i) No – 16AA  | (ii) No – 10  |
| (iii) No – 12A | (iv) No – 25C |

Cont...

**SECTION - B (35 Marks)**

Answer ALL Questions

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

- 11 a Bring out salient features of income.  
OR  
b State the conditions to be fulfilled by an individual to become resident in India.
- 12 a Mr K Mohanty retired on 13-2-2021 and received ₹ 1,80,000 as leave encashment for 15 months. He has served for 20 years and his employer allowed him 45 days leave for every one year of service. His salary for calander year 2020 was ₹ 11,000 p.m and it was raised to ₹ 12,500 p.m with effect from 1-1-202. His salary is due on last day of the month. Compute taxable amount of leave encashment.  
OR  
b Outline the deductions allowed under the heard income from house property.
- 13 a Discuss the admissibility of following items under the head profits and Gains:  
a) Mr. X has received a notice from GST authorities and he created a reserve for ₹ 6,000 on 31-3-2021 and ₹ 3,000 on 14-7-2021 and ₹ 3,000 on 1-10-2021. He filed his return on 31-7-2021.  
b) Mr. R declared a bonus of ₹ 1,00,000 for employees but due to paucity of funds he could pay ₹ 40,000 on 31-3-2021, ₹ 30,000 on 30-7-2021 and balance 21-11-2021. Due date for filing of his return is 31-7-2021.  
c) A payment of ₹ 42,000 by cheque as employers contribution to provident fund made on 30-11-2020 due date being 15-12-2020. The Cheque was realized on 31-12-2020  
OR  
b S. an owner of three houses sells a residential house in Chennai for ₹8,00,000 on may23,2020. This house was purchased by him on 1-4-2002 for ₹2,00,000. On may 30 2020, her purchased a flat in Mumbai for ₹ 8,70,000 for the purpose of the residence of his son- in-law. On march1<sup>st</sup> 2021. S sells the house in Mumbai for ₹ 12,10,000.  
Compute the capital gain arising on the two transactions. Is S eligible for exemption u/s 54 in respect of the second sale?  
Cost inflation index for the financial year 2002-2003 and 2020-21 105 and 301.
- 14 a From the following particulars of Mr. Amarpreet Thind. Compute the amount of taxable gifts chargeable as " Income under the head other sources".  
(i) He received a cheque of ₹1,00,000 as a gift from his grand father on 15<sup>th</sup> May 2020  
(ii) He received ₹21,000 from his friend from Canada as a gift on 31<sup>st</sup> May 2020.  
(iii) He received ₹5,00,000 under a will from his grandmother on 30<sup>th</sup> June 2020.  
(iv) He received ₹50,000 from his father's friend in 30<sup>th</sup> June 2020.  
(v) He received ₹ 75,000 as gift from his uncle on 30<sup>th</sup> September 2020 on birthday.

- (vi) He received ₹ 20,000 as gift from his employer on 1<sup>st</sup> October 2020.  
 (vii) He received a gift of ₹ 51000 from his father's brother on 30 November 2020.

OR

- b Mr X is a government employee and he, his 65 years old father (who is not dependent on him) and his son are suffering from notified illness. He has incurred the following expenses on treatment:

|                               | ₹      |
|-------------------------------|--------|
| On his own treatment          | 50,000 |
| Amount reimbursed by employer | 20,000 |
| On treatment of his son       | 40,000 |
| Insurance claim received      | 18,000 |
| On treatment of his father    | 60,000 |
| Insurance claim received      | 16,000 |

Calculate the amount of deduction u/s 80DDB. Also calculate the amount of this deduction in case his father is dependent upon him.

- 15 a What are the powers of CBDT?

OR

- b What is time limit for filing of return of Income under the Income tax Act?

**SECTION - C (30 Marks)**

Answer any **THREE** Questions

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

- 16 Briefly explain the incomes which are totally exempt from Income tax.  
 17 Mr. A an employee of Ranchi (population 15 lakhs) based company provides the following particulars of his salary income.

|   | ₹          |
|---|------------|
| (i) Basic Salary  | 12,000 p.m |
| (ii) Profit Bonus   | 12,000     |
| (iii) Commission on turnover achieved by Mr A   | 42,000     |
| (iv) Entertainment allowance  | 2,000 p.m  |
| (v) Club Facility   | 6,000      |
| (vi) Transport allowance  | 1,800 p.m  |
| (vii) Free use of car of more than 1.6 lt capacity for both personal and employment purpose; expenses are met by employer |            |
| (viii) Rent free house provided by employer lease rent paid by employer   | 6,000 p.m  |
| (ix) Free education facility for three children of the Employee:(Bills issued in the name of employer)                    | 22,500     |
| (x) Gas, Water and electricity bills issued in the name Employee but paid by employer                                     | 16,800     |

Compute income under the head salary for the assessment year 2021-2022.

Cont...

- 18 From the following statement compute the Income from profession of Dr.S.K Kapour if accounts are maintained on cash/receipts system:

| Cash Receipts        | ₹               | Cash Payment                       | ₹               |
|----------------------|-----------------|------------------------------------|-----------------|
| To Visiting fees     | 45,000          | By Dispensary rent                 | 36,000          |
| To Consulting fees   | 1,25,000        | By Electricity and Water Charges   | 6,000           |
| To Sales of Medicine | 72,000          | By Telephone expenses              | 6,000           |
| To Dividends         | 5,000           | By Salary to nurse and compounder  | 36,000          |
|                      |                 | By Dep . on surgical equipment     | 6,000           |
|                      |                 | By Purchase of medicine            | 38,000          |
|                      |                 | By Depreciation on X – ray Machine | 4,000           |
|                      |                 | By Income Tax                      | 5,500           |
|                      |                 | By Donation to Ramakrishna mission | 4,000           |
|                      |                 | By Motor car expenses              | 9,600           |
|                      |                 | By Dep . on car                    | 4,800           |
|                      |                 | By Balanced c/d                    | 91,100          |
|                      | <u>2,47,000</u> |                                    | <u>2,47,000</u> |

- Notes : 1. Electricity and Water charges include domestic bill of ₹2,500  
 2. Half of motor car expenses are for professional use  
 3. Telephone expenses include 40% for personal use  
 4. Opening stock of medicine was ₹6,000 and closing stock was ₹4,000.

- 19 Mr. Satya furnishes the following particulars relating to his incomes and losses for the assessment year 2021 – 2022.

|                                      |        |
|--------------------------------------|--------|
|                                      | ₹      |
| 1 Short – term capital gains         | 5,000  |
| 2 Long – term capital gains(gold)    | 7,500  |
| 3 Speculations profits               | 5,000  |
| 4 Profits from Crockery business     | 5,000  |
| 5 Profits from Stationery business   | 15,000 |
| 6 Income from house property         | 10,000 |
| 7 Income from Interest on securities | 5,000  |

Following are brought forward items of losses and expenses from 2020-21.

|  |        |
|--|--------|
|  | ₹      |
| 1 Loss from provision stores (discontinued during 2019-2020) | 5,000  |
| 2 Share of loss from crokery business                        | 4,000  |
| 3 Unabsorbed Depreciation                                    | 3,000  |
| 4 Speculation loss   | 15,000 |
| 5 Loss form Short term capital Assets                        | 13,500 |

Work out the treatment of set – off and carry forward of losses.

- 20 Explain Briefly various types of assessment.

Z-Z-Z

END