

PSG COLLEGE OF ARTS & SCIENCE
(AUTONOMOUS)

BCom DEGREE EXAMINATION DECEMBER 2023
(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. The previous year started from
 - (i) April
 - (ii) March
 - (iii) January
 - (iv) September
2. Exempted limit of HRA in metropolitan cities is.
 - (i) 40% of salary.
 - (ii) 50% of salary.
 - (iii) 15% of salary.
 - (iv) none of these.
3. Capital gains on compulsory acquisition of lands and buildings are exempted from tax under.
 - (i) Section 54D.
 - (ii) Section 72E.
 - (iii) Section 81B.
 - (iv) Section 93A.
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 eighteen years only.
5. Which of the following income from other sources is not taxable?
 - (i) Dividend from co-operative society.
 - (ii) Dividend from foreign company.
 - (iii) Winnings from lottery.
 - (iv) Dividend from domestic company.

SECTION - B (15 Marks)

Answer ALL Questions

ALL Questions Carry EQUAL Marks

(5 x 3 = 15)

6. a) Mr. Balu, who was born and brought up in India, went to U.K for further studies on 1st February 2021 and came back to India on 1st October 2022. Ascertain his residential status for the previous year 2022-23.
(OR)
b) Explain the term Assessee. State the different classes of Assesseees.
7. a) Examine the following allowances of Mr. Krishnan.
 1. Dearness Allowances (D.A) Rs. 1,000 p.m
 2. Medical Allowance Rs. 500 p.m
 3. Transport Allowance Rs. 2,000 p.m(OR)
b) Mrs. Suba owns property in Chennai (Municipal value Rs. 1,60,000; Fair rental Value Rs. 1,80,000; Standard Rent Rs.1,50,000). The house is let out up to September 30, 2022 (monthly rent being Rs. 15,000). From October 1, 2022, the property is self-occupied for its own residential purposes: Find out the gross annual value for the Assessment year 2023-24.

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8. a) From the following compute the taxable income under the head income from a business, the profit before adjusting the following items is Rs. 5,50,000.

	Rs.
Administrative Expenses	10,000
Trade Expenses	5,000
Household Expenses	3,000
Discount allowed	4,000
Income tax	400
Provision for bad debts	2,000
Bad debts	3,000
Donation to P.M National Relief Fund	4,000
Legal fee	200

(OR)

- b) Explain the kinds of Capital Assets.

9. a) Mr. Vetri Owns horses in Bangalore and Delhi. The Horses run in races at the Respective race courses. During the Previous year 2022-2023, Mr. Vetri submitted the following information.

	Rs.
Expenses on race horses at Bangalore	4,00,000
Expenses on race horses at Delhi	6,00,000
Stake money earned by horses at	
i) Bangalore	5,00,000
ii) Delhi	3,00,000
Mr. Vetri received rs. 1,26,000 on betting during horse races at Bangalore.	
Vetri also received Rs.49,000 as lottery winnings and his winnings from card games were Rs.20,000 during the year.	

Compute the Income from other sources of Vetri for Assessment year 2023-24.

(OR)

- b) Write a Short note On.

(i) Specific Incomes (ii) Dividends

10. a) From the following particulars compute the total income of Mr. Doss for the Assessment year 2023-2024.

	Rs.
Loss from House property	2,60,000
Short term Capital Gain on sale of shares	2,40,000
Long term Capital Loss on sale of Bonds	-85,000
Other Sources: Interest on Govt. Securities	10,000

The assessee has unabsorbed depreciation of Rs. 25,000 being brought forward from 2021-2022. Assessee had closed the business and all the assets have been disposed of.

(OR)

- b) Shiva (a minor) made a fixed deposit of Rs. 3,00,000 in a partnership firm in which his father and mother are partners. The deposit carries interest @ 18% p.a. The income of the father and mother other than the firm is Rs. 85,000 and Rs. 75,000 respectively.

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SECTION -C (30 Marks)

Answer ALL questions

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

11. a) Following are the details of income of Mr. Lenin for the previous year 2022-23.

	Rs.
Salary received in India for Services rendered in Australia.	4,00,000
House property income received in India from a property situated in Singapore.	2,00,000
Salary received in USA for services rendered in India.	5,00,000
Rent of a House property situated in Mumbai received in Australia.	6,00,000
Income from a business in U.K controlled from India.	10,00,000
Income from a business in Chennai controlled from Japan.	12,00,000
Dividends from UTI received in India.	3,00,000
Rent from property in France received there but subsequently remitted to India.	50,000
Profits from a business received in South Africa controlled from there.	1,00,000
Profits for the year 2015-16 of a business in Indonesia remitted to India during the Previous year 2022-23.	10,000

Compute the Total income of Mr. Lenin 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.

(OR)

b) Enumerate the Various Types of Exempted Incomes.

12. a) Mrs. Uma, an employee of a Tamilnadu Government employee submits the following information relevant for the assessment year 2023-2024.

Salary Rs. 86,000, entertainment allowances Rs.8,000, Bonus Rs. 10,200, Education Allowance Rs. 4,000 (for her grandchildren). Income tax penalty paid by employer Rs.2,000. Medical expenses reimbursed by employer Rs.2,000. Leave travel concession Rs.1,000, Free residential telephone Rs.4,000, Free refreshment during office hours Rs.4,000. Payment of electricity bills by employer rs.1,060. Reimbursement of gas bills Rs. 1,000, professional tax paid by employer Rs. 300, professional tax paid by Mrs. Uma Rs.150.

Mrs. Uma is provided with the car of more than 1.6 ltr for both personal and official use and expenses of maintaining and running the car with Chauffeur are borne by the employer.

Contribution to PPF Rs. 1,20,000

(principle Amount) Repayment of loan taken for purchase of house Rs.70,000. Determine the taxable salary.

(OR)

b) Shiva owns 3 houses two of which are Self-occupied, 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 House II is Rs. 50,000. The date of borrowing of loan is 1.10.2019. Find the net income from house property.

13. a) The following is the Profit and loss account of Mr. Raj for the year.

Particulars	Rs.	Particulars	Rs.
Rates & taxes	450	Gross Profit	14,623
Establishment (Staff)	1,750	Bank interest on	
Rent	600	personal deposits	577
Household expenses	1,450		
Discount	250		
Advertisement	200		
Income Tax	480		
Postage & Stationery	810		
Fire Insurance	150		
Gifts and presents	160		
Charity & Donations	1,140		
Purchase of plant & Machinery	1,500		
Repairs of furniture	50		
Interest on Loan	1,000		
Life insurance premium	600		
Reserve for Doubtful debts	700		
Interest on capital	250		
Net profit	3,660		
	<u>15,200</u>		<u>15,200</u>

You are required to ascertain the business income of Mr. Raj

(OR)

b) Kumar a Lawyer by profession keeps his cash book as per the cash system of accounting. The following is the summary of his cash book for the year ended 31st March 2023.

Receipts	Rs.	Payments	Rs.
Balance	5,000	Rent of Chamber	2,400
Fees	35,000	Car expenses	3,600
Remuneration as examiner	3,000	Household expenses	12,000
Interest on bank deposits	2,500	Local taxes for the house	1,200
Rent from Hose property	8,000	Repairs of the house	4,000
Dividends	1,600	LIC premium for self	4,800
		Cost of books for profession	4,000
		Medical treatment of self	5,000
		Balance	18,100
	<u>55,100</u>		<u>55,100</u>

Additional Information:

- 1/3 of the house is used for Kumar for his own residence.
- Kumar is insured for Rs.40,000.
- Kumar has to get medical treatment for an eye ailment caused by intensive study of law books.
- ½ of the Car expenses relate to the 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 income from Profession.

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14. a) Sri. Mugundan furnishes the following particulars of his income for the previous year 2022-23. Compute his total income.

Sri. Mugundan purchases Diamonds for Rs.8 Lakh (Fair Market Value Rs.8.5 Lakh) He further purchases an artwork for Rs.9 lakh (Fair Market Value Rs.9.5 Lakh).

	Rs.
Dividend on Equity shares (Gross)	600
Dividend on preference shares (net)	3,580
Income from letting on hire of Building and Machinery – Composite lease	17,000
Interest on Bank deposits	2,500
Director's sitting fees	1,200
Ground rent	600
Income from undisclosed sources.	10,000
Income from Lotteries	10,000

Mugundan owned a land in Chennai. It was acquired by the Government in 2017-18. Along with compensation Rs.1,40,000 is payable by Govt. for late payment of compensation. The interest is received during 2022-23.

The following deductions are claimed by him:

- i) Collection charges of Dividend Rs.20.
- ii) Allowable depreciation on building and machinery Rs.4,000.
- iii) Insurance on building and machinery Rs.100.

(OR)

- b) Kanagasabapathy of Salem Constructed a factory with a Building, Plant, Machinery, Furniture, etc., However, he decided to lease out the factory for a hire charge of Rs. 25,000, per month.

During the previous year 2022-2023, he spent Rs.15,000 for repairs and Rs.10,000 for insurance on the assets. Allowable depreciation is Rs.35,000 P.A. Ascertain his Income from other sources from the above details.

15. a) Mrs. Chandra furnishes the following particulars of her income for the assessment year 2023-24:

	Rs.
Salary from Aristocracy 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
Profits 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 Bridge 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 racehorse	40,000
Stake money received in respect of the horses	90,000

You are required to compute the Gross Total Income for the relevant assessment year.

(OR)

- b) Describe the Clubbing Income of the Spouse.