

PSG COLLEGE OF ARTS & SCIENCE
(AUTONOMOUS)

BCOM(CS) DEGREE EXAMINATION MAY 2024
(Fifth Semester)

Branch – CORPORATE SECRETARYSHIP

TAXATION LAW AND PRACTICE

Time: Three Hours

Maximum: 50 Marks

SECTION-A (5 Marks)

Answer ALL questions

ALL questions carry EQUAL marks

(5 x 1 = 5)

1. As per Section 2(31) of the Income-tax Act, 1961, the following is not included in the definition of 'person':
(a) An individual (b) A Hindu undivided family
(c) A company (d) A minor [Dec. 2014]
2. Ramesh, an employee of Gauri & Co. of Delhi, received the following payments during the previous year ended 31st March 2021:
Basic salary: ₹ 2,40,000
Dearness allowance: 40% of basic salary (40% forming part of salary).
Rent-free unfurnished accommodation provided by the employer for which rent paid by employer being ₹ 50,000.
The value of taxable perquisite in the hands of Ramesh will be:
(a) ₹ 41,760 (b) ₹ 50,000
(c) ₹ 36,000 (d) ₹ 52,500 [Dec. 2014]
3. Which of the following is not deductible while calculating taxable income from business:
(a) GST (b) Income-tax (c) Customs duty (d) Local taxes [Dec. 2016]
4. Loss from speculation business is eligible for carrying forward for a period of
(a) 4 Years (b) 6 Years (c) 8 Years (d) 12 Years [Dec. 2016]
5. The income-tax authority has power to retain in his custody books of accounting and other documents without obtaining the approval of principal Chief Commissioner not exceeding
(a) 30 days (b) 15 days (executive of holiday)
(c) 15 days (d) 45 days (executive of holiday)

SECTION - B (15 Marks)

Answer ALL Questions

ALL Questions Carry EQUAL Marks

(5 x 3 = 15)

- 6.a. Dr. A, an Indian Citizen and a Professor in IIM, Lucknow, left India on September 15, 2022 for USA to take up a Professor's job in MIT, USA. Determine his residential status for the assessment year 2023-24.
(OR)
- b. Mr. Anil, an Indian citizen, leaves India on 22nd September, 2022 for the first time to work as an Engineer in France. Determine his residential status for AY 2023-24.
- 7.a. Mr. Ram is employed at Bombay. His basic Salary is Rs. 5,000 per month. He receives Rs. 5,000 p.a. as house rent allowance. Rent paid by him is Rs. 12,000 p.a. find out the amount of taxable house rent allowance. Assuming assessee has not opted u/s 115BAC.

Cont...

- b. Mr. Shyam, employed at Mumbai, receives the following from his employer during the previous year: Particulars Rs. Basic Salary 60,000 Bonus 1,800 Entertainment allowance (taxable) 6,000 Electricity expenses 2,000 Professional tax paid by the employer 2,000 Rent free house (owned by Employer): Fair rent 48,000 Salary of gardener 2,400 Garden Maintenance 1,200 Salary of watchman 1,800 Determine the value of taxable perquisites in respect of rent free house assuming
- (a) Mr. Shyam is a government officer and the fair rent as arrived at by the government is Rs. 6,000 p.a.
- (b) Mr. Shyam is a semi-government employee, and (c) Mr. Shyam is employed by a private company.

8.a. From the following P&L A/c calculate Income from Business

Particulars	Amount	Particulars	Amount
To Rent	40,000	By gross profit	2,50,000
To Salary to Employees	25,000	By house property income	1,50,000
To Depreciation	10,000	By income from other Sources	2,00,000
To Donation	8,000		
To Net profit	5,17,000		
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	6,00,000		6,00,000
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Adjustments:

- > Depreciation to be allowed as per income tax provision Rs. 8,000.
- > Business income of Rs. 12,000 is not shown in the P&L A/c.
- > Rs. 8,000 of the rent is of personal nature.

(OR)

- b. Depreciated value of the block of assets of Dhruv Private Ltd (consisting of machinery A, Band C) on 01/04/2021 is Rs.25,00,000. Addition of machinery D was done on 01/09/2021 for Rs.3,00,000 and this machinery was put to use on 08/09/2021. Cost of machinery E purchased on 24/12/2021 was Rs.5,00,000. Machinery A which was originally purchased on 01/04/2004 for Rs.1,80,000, was sold on 03/03/2022 for Rs.25,00,000. Assuming that the rate of depreciation on machinery was 15%, find out the admissible depreciation for the assessment year 2022-23.

9. a. From the following P&L a/c of Mr. I, Compute Business Income

Particulars	Rs.	Particulars	Rs.
To General expenses	13,400	By Gross Profit	3,00,000
To Bad debts	22,000	By Commission	40,000
To Salary to staff	26,000	By Bad debts	11,000
To Salary to Mr. (earlier disallowed)	1,45,000		
To Interest on overdraft	4,000		
To Interest own capital	23,000		
To Net Profit	2,17,600		
	3,51,000		3,51,000

(OR)

b. From the following particulars P&L a/c, Compute Business Income of Mr. Senthil

Particulars	Rs.	Particulars	Rs.
To Salary	50,000	By Gross Profit	2,00,000
To Income tax	9,000	By Dividend	20,000
To Entertainment expenses	20,000		
To Net Profit	1,41,000		
	2,20,000		2,20,000

Additional Information: 1. Salary includes Mr. Senthil's salary of Rs.30,000.

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10.a Explain the Powers of Income tax authorities
(OR)

10.b. Who Is An Assessing Officer?

SECTION -C (30 Marks)

Answer ALL questions

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

11.a. State the exceptions of Resident but not ordinarily resident.

OR

b. Andy, a British national, comes to India for the first time during 2016-17. During the financial years 2016-17, 2017-18, 2018-19, 2019-20 and 2020-21, he was in India for 55 days, 60 days, 80 days, 160 days and 70 days respectively. Determine his residential status for the assessment year 2021-22.

12.a Mr. R owns a house which uses for residential purposes throughout the previous year 2022-23. Municipal Value: Rs. 2,40,000. Fair Rent: Rs. 3,00,000. Compute income from house property assuming following expenditure are incurred by him:

Municipal taxes paid: Rs. 15,000

Repairs: Rs. 12,000

Depreciation: Rs. 10,000

Interest on borrowed capital: Rs. 2,00,000 (loan taken on 1.1.2015). House was purchased on 1.5.2018.

Option 1: Assessee has not opted for Section 115BAC

Option 2: Assessee has opted for Section 115BAC

(OR)

b Smt. Shanti Devi has a house property in Kolkata. The Municipal Valuation for the same is INR 10,00,000. The Fair Rental for the property is INR 750,000. The Standard Rent per the Rent Control Act is INR 800,000. She let out the property until 30th November, 2022 for a monthly rent of Rs. 75,000 per month. Thereafter, the tenant vacated the property and she used the house for self-occupation. Rent for the months of Oct & November 2022 could not be realised despite all efforts, and all the conditions for unrealised rent were satisfied. She paid Municipal Taxes @ 12% during the year. She also paid Interest of INR 25,000 during the year for amount borrowed for repairs. Compute the Income from House Property for AY 2023- 24.

13 a. The following is the Profit and Loss Account of the Raj Oil Mills for the financial year 2018-19. Compute its business income on the basis of additional information.

Profit and Loss Account

(For the year ended 31st March, 2019)

Particulars	Rs	Particulars	Rs
Office Salaries	15,000	Gross Profits	80,000
General Expenses	7,000	Profit on Sale of car	15,000
Bad Debts	1,000	Recovery of bad debts	5,000
Advertising Expenses	3,700	Interest on Govt. Securities	3,500
Insurance Premium (fire)	1,500	Dividends	3,500
Depreciation	5,000	Gifts on the occasion of Gruhapravesam	5,000
Reserve for bad debts	3,000		
Donation to a school	2,500		
Car Expenses	2,000		
Net Profit	71,300		
Total	1,12,000	Total	1,12,000

Additional information:

(a) General expenses include:

(i) Rs 2,500 as compensation paid to an accountant who had to be removed from service in the interest of business, and

(ii) Rs 3,300 as contribution paid to the Govt. for laying electric cables for the company's plant.

(b) Depreciation as regards to the relevant blocks of assets under the Income Tax Act was Rs 3,500.

(c) In the assessment year 2015-16 the Assessing Officer had refused to allow deduction for the bad debts of Rs 5,000 now recovered.

(d) Car expenses include Rs 500 attributable to use of car for personal work .

(OR)

- 13b. Mr. Amitabh prepared the following profit and loss account of his cloth shop for the year ended 31st March, 2019. Find out his income from business for the AY 2019-20.

Profit and Loss Account			
(For the year ended 31st March, 2019)			
Particulars	Rs.	Particulars	Rs.
Salaries and wages	33,000	Gross Profit	3,34,725
Rent, etc.	1,600	Gifts received from relatives	275
Household expenses	82,000		
Income Tax	900		
Advertisement	800		
Postage expenses	600		
Gifts to relatives	900		
Fire Insurance Premium	400		
Life Insurance Premium	2,100		
Bad Debts Reserve	800		
Audit Fees	400		
Net profit	2,11,500		
Total	3,35,000	Total	3,35,000

- 14 a. Mr. Goyal has one factory building along with machines and furniture in Mumbai which has been let out @ Rs. 50,000 p.m. Repair charges of the building is Rs. 7,000 and that of furniture fixtures are Rs. 4,000, insurance premium paid Rs. 3,000 and depreciation is Rs. 27,000. Compute his income under the head other sources.

(OR)

- b. Mr. 'A' had income against the following heads,

Particulars	Amount (Rs.)
Professional income	6,40,000
Income from STCG (covered under section 111A)	5,000
Income from LTCG	12,000
Income from other sources	10,000
Contribution to P.P.F.	70,000
Payment of Rent	84,000

- 15.a .Enumerate various types of Assessment under Income Tax Act.

(OR)

- b. Describe the Powers of Income-tax Authorities .

Z-Z-Z END