

PSG COLLEGE OF ARTS & SCIENCE
(AUTONOMOUS)

BCom DEGREE EXAMINATION DECEMBER 2022
(Fifth Semester)

Branch – COMMERCE (BUSINESS ANALYTICS)

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. Who is Tax payer?
 - (i) Assessee
 - (ii) Businessman
 - (iii) Trust
 - (iv) Farmer
2. One of the basic conditions under residential Status _____ days
 - (i) 186
 - (ii) 182
 - (iii) 181
 - (iv) 180
3. For tax deducted at source, employer issues to employee.
 - (i) Form 20
 - (ii) Form 12A
 - (iii) Form 16.
 - (iv) Form 31A
4. Self-occupied house property means
 - (i) House occupied by assessee
 - (ii) Rented house
 - (iii) House owned by others
 - (iv) None
5. Gifts from clients are
 - (i) Non taxable item
 - (ii) Professional income
 - (iii) Income from other sources
 - (iv) None of these
6. Capital gains on compulsory acquisition of lands and buildings are exempted from tax under.
 - (i) Section 93A
 - (ii) Section 72E
 - (iii) Section 81B
 - (iv) Section 54D
7. Income from subletting is charged under the head
 - (i) Income from other sources
 - (ii) Income from house property
 - (iii) Capital gain
 - (iv) Income from business
8. Income from other sources is a _____.
 - (i) Income from a single source
 - (ii) Major head of income
 - (iii) Residuary head of income
 - (iv) Constant and regular income.
9. Clubbing of income means _____.
 - (i) Addition income of two partners
 - (ii) Inclusion of income of other person in assessee income
 - (iii) Total of income of various heads
 - (iv) Collection of income
10. The carry forward of losses is permissible if the return of income for the year in which loss incurred is
 - (i) Filled on time
 - (ii) Not filled on time
 - (iii) Filed in advance
 - (iv) None of the above

Cont...

SECTION - B (35 Marks)

Answer ALL Questions

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

- 11 a Mr. Kathir a Foreign national came to India for the first time on June 15, 2015. During the Financial years, 2015-2016, 2016-2017, 2017-2018, 2018-2019, 2019-2020 and 2020-2021 he stayed in India for 50 days, 183 days, 115 days, 25 days, 190 days, and 58 days respectively. Ascertain his residential status for the assessment year 2021-2022.

OR

- b Distinguish between Assessment year and Financial Year.
- 12 a Mr. Kamal, resides in Chennai, gets Rs.3,00,000 p.a as basic salary. D.A. forming part of salary for services benefits Rs.40,000 and 2% commission on turnover achieved by him. (Turnover achieved by him during the relevant period is Rs. 3,00,000). He receives Rs. 60,000 as H.R.A. through he pays a rent of Rs.80,000 p.a.

OR

- b Mr. Prathop provides the following particulars for the previous year 2020-2021.

	Rs.
Fair Rent	90,000
Standard rent	70,000
Municipal value	80,000
Municipal tax paid by Owner	8,000
Annual rent	96,000
Annual rent received	80,000
Vacancy period	2 Months

Determine Net Annual value for the previous Year 2020-2021.

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

	Rs.
Administrative Expenses	10,000
Trade Expenses	5,000
House hold 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 Mr. Maran owned two motor cars were mainly used for business purposes. The written down value on April 1, 2020 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; 2019-2020 :289).

Compute the capital gains chargeable to tax in respect of the above transactions for the assessment year 2021-2022.

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- 14 a Mr.Hari Owns horses at Bangalore and Delhi. The Horses run in races at the Respective race courses. During the year 2021-22 ,Mr.Hari submits 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. Hari received Rs. 1,26,000 on betting during horse races at Bangalore.	
Hari 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 Hari for Assessment year 2021-2022.

OR

- b Explain the Provisions of Exempted Incomes.
- 15 a From the following particulars compute the total income of Mr.Kavin for the assessment year 2021-22.

	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 Government Securities	10,000

The Assessee has unabsorbed depreciation of Rs.25,000 being brought forward from 2018- 2019 Assessee had closed the business and all assets have been disposed of.

OR

- b What is Clubbing of Income? Explain the tax implications of such clubbing of Income.

SECTION - C (30 Marks)

Answer any **THREE** Questions

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

- 16 Mr. Kirubhakaran had the following income during the Previous Year 31.3.2021.
- (i) Salary Received in India for three Months Rs. 9,000
 - (ii) Income from House Property in India (Computed) Rs. 13,470
 - (iii) Interest on Savings Bank Deposits in SBI Rs.1,000
 - (iv) Amount brought into India out of the Past untaxed Profits earned in Germany Rs. 20,000
 - (v) Income from Agriculture in Indonesia being invested in India Rs. 12,350
 - (vi) Income from Business in Bangaladesh, being controlled from India Rs. 10,150
 - (vii) Dividends Received in Belgium from French companies out of which Rs. 2,500 were Remitted to India Rs.23, 000.

Cont...

You are required to compute his total income for the assessment year 2021- 2022, if he is

(a) Resident ; (b) Not Ordinarily resident and (c) Non- resident of India.

- 17 Mohan 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. Date of borrowing of loan is 1.10.2017. Find the net income from house property.

- 18 Mr. Rethinam owned Two Motor cars which were mainly used for business purposes. The written down value on April 1, 2020 of these cars is Rs. 1,81,000. The block of assets comprising of only these two cars, was sold in June 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, 2019-2020:289).

Compute the capital gains chargeable to tax in respect of the above transactions for the assessment year 2021- 2022.

- 19 Sri. Mugundan furnishes the following particulars of his income for the previous year 2020-21. Compute his total income

Sri. Mugundan purchases Diamonds for Rs.8 Lakh (Fair Market Value Rs.8.5 Lakh) He further purchases an art work 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 at Chennai. It was acquired by the Government in 2015-16. Along with compensation Rs.1,40,000 is payable by Govt. for late payment of compensation. The interest is received during 2020-21.

The following deductions are claimed by him:

- Collection charges of Dividend Rs.20.
 - Allowable depreciation on building and machinery Rs.4,000.
 - Insurance on building and machinery Rs.100.
- 20 What is Advance tax? Explain the features of Advance tax.