

Reg. No

Name

M. COM. DEGREE END SEMESTER EXAMINATION – OCTOBER 2022**SEMESTER 3: COMMERCE****COURSE: 16P3COM12 : DIRECT TAXES – LAW AND PRACTICE***(For Supplementary - 2016/2017/2018/2019/2020 Admissions)*

Time: Three Hours

Max. Marks: 75

SECTION A**Answer any 10 (2marks each)**

1. Distinguish between direct tax and indirect tax.
2. Explain the term “previous year” and “Assessment Year”.
3. Mention the five heads of income tax.
4. Who is an assessee in default?
5. What is the treatment of professional tax?
6. List out any four allowances under the head salary
7. What do you mean by converted property?
8. How is deduction allowed u/s 80C?
9. How is self-occupied house valued?
10. How will you compute tax on winnings from lotteries?
11. What is exempted income?
12. Explain Resident but not ordinarily resident?

(2 x 10 = 20)

SECTION B**Answer any 5 (5 marks each)**

13. Define Annual Value. How is it determined?
14. Distinguish between Long Term Capital Gain and Short-Term Capital Gain.
15. Reddy retires from Private Service on 30th April 2021 and his pension has been fixed at ₹. 6,000 p.m. He gets 1/2 of his pension commuted and gets ₹. 3,00,000. He also received ₹. 1,50,000 as gratuity. He gets his pension commuted during January 2022. In all cases, pension becomes payable on the 1st day of each month. Calculate taxable pension.
16. What is 'aggregation of income'? Explain the contexts of aggregation of incomes.
17. The following incomes were received by Mr. A during the financial year 2021-22

	₹.
Director's Fees	6,000
Income from Agricultural land (in Pakistan)	40,000
Interest from Post-office Savings Bank A/c	1,500
Interest on Fixed Deposit in SBI	1,800
Winning from lottery (Net)	35,000
Crossword Puzzles	2,500
Royalty on Books	20,000
(Expenses in this connection Rs 4,000)	
Compute his income from other sources.	

18. From the following particulars in respect of Mr. Avinash, find out the qualifying amount u/s 80C:
- L.I.C. premium on his own life ₹. 22,000
 - Sum assured on the above policy is ₹. 2,00,000.
 - Contribution to P.P.F. ₹. 10,000.
 - Contribution to U.R.P.F. ₹. 8,000.
 - Subscription to N.S.C. (VIII issue) ₹. 9,000.
 - Accrued interest on N.S.C. ₹. 7,500.
 - Repayment of bank loan for the construction of his own house ₹. 21,000.
 - Investment in infrastructure bonds ₹. 40,000.
 - Amount deposited in Post Office Savings Bank account ₹. 5,800.
19. The total non-agricultural income of Mr. Joseph aged 40 is ₹.15,00,000. The agricultural income earned is ₹. 75,000. Life insurance Premium paid qualifying for deduction u/s. 80 C is ₹. 10,000. Determine the tax payable by Mr. Joseph for the AY 2022-23.
20. From the following information compute Gross Income Tax for the Assessment Year 2022-23:

	₹.
(i) Gross Salary	4,75,000
(ii) Interest earned on N.S.C	8,000
(iii) Interest on Savings Bank Deposits	2,000
(iv) Expenses on rehabilitation of handicapped son	10,000
(v) Deposited in R.P.F.	15,000
(vi) L.I.C. Premium	5,000

(5 x 5 = 25)

SECTION C

Answer any 3 (10 marks each)

21. Describe the various incomes exempted from tax under Income Tax Act, 1961
22. Mr. James, submits the following information. Compute his Total Income and tax liability.

	₹.
1 Salary received (per month)	30,000
2 Rent received (per month)	4,000
3 Dividend from Co-operative Society	2,000
4 Interest from a firm (Gross)	8,000
5 Interest on Government Securities	1,000
6 Winning from Lotteries	1,15,000
7 NSC VIII issue purchased during the year	10,000
8 Deposit under Public Provident Fund	31,000
9 Long-term Capital Gain (Building)	2,35,000
10 Short-term Capital Loss	20,000
11 Donation to State Government for promoting Family Planning by cheque	40,000

23. Mr. Hassan is a Government employee working in Ernakulam. He gives the following details.
- Salary ₹. 20,000 per month.
 - Leave surrendered ₹. 24,000
 - Entertainment allowance for 8 months ₹. 8,000
 - Life insurance premium deducted from salary ₹. 1,000
 - House rent allowance ₹. 1,000 per month
 - He has been provided a small car for his official use. Running expenses of the car paid by the Government amounted to ₹. 5,000 per month, including driver's salary.
 - Interest on savings account with a cooperative bank ₹. 4,000
 - Interest on National Savings Certificate ₹. 2,000.
 - He has a house which has been occupied by his brother-in-law free of rent. The annual rental value of the house according to municipal valuation is ₹. 40,000 He paid municipal taxes Rs. 1,000 and professional tax Rs. 3,000 during the year.
 - Life insurance premium paid by Mr. Hassan for wife Rs.3,000. During the year he received ₹. 45,000 interests on debentures of a company (not listed)

Compute the total income of Mr. Hassan for the assessment year 2022-23.

24. Mr. Ved Prakash is reader in a college, run by a society, on a monthly salary of ₹. 14,000. Besides salary he also gets 43% of salary as dearness allowance, ₹. 800 p.m. entertainment allowance and ₹. 400 p.m. as proctor's allowance. During the year he gets ₹. 250 p.m. as additional DA. He contributes 10% of his salary to Provident Fund. The college contributes an equal amount. Interest credited to his provident fund @ 12% amounted to ₹. 10,000. Three children of Mr. Ved Prakash are studying in an institution run by the society, which runs the college for which he paid nothing. Normally expenditure in an institution of that standard comes to ₹. 1,500 p.m. for one student. Mr. Ved Prakash is provided with a rent-free accommodation in a city (population 13 lakh) which is owned by the college. Its fair rental value is ₹. 2,500 p.m. A gardener for the up keep of the garden on the back side of the house is also provided. The salary of gardener amounting to ₹. 200 p.m. is also paid by the college. During the year Mr. Ved Prakash proceeded on two months leave with full pay to his home at Jaipur. The college paid ₹. 4,500 being the air fare to and from Jaipur for him and his wife for this purpose. Compute the taxable salaries income of Mr. Ved Prakash for the year ending on 31st March 2022.

25. Pritam occupies two flats for his own residence, particulars of which are as follows:

	Flat I	Flat II
	₹.	₹.
Municipal Value	90,000	45,000
Fair Rent	1,20,000	40,000
Standard Rent	80,000	N.A.
Municipal Taxes Paid	10%	10%
Fire Insurance Premium paid	1,000	600
Interest on loan taken (after 31.3.1999)	40,000	Nil

Income of Pritam from business is ₹. 8,50,000. You are informed that Pritam could not occupy flat II for 2 months. He has attained the age of 65 years on 30.3.2022 and deposited Rs. 70,000 towards Public Provident Fund. Determine the taxable income and tax liability for the assessment year 2022-23.

(10 x 3 = 30)