

B. COM. DEGREE END SEMESTER EXAMINATION : OCTOBER 2022**SEMESTER 5 : COMMERCE (OPTIONAL COURSE FOR FINANCE AND TAXATION)****COURSE: 19U5OPCFT3 : INCOME TAX LAW AND PRACTICE**

(Common For Regular 2020/Supplementary 2019/2018/2017/2016/2015 admissions)

Time: Three Hours

Max. Marks: 75

PART AAnswer **any 10** questions. Each question carries **2** marks.

1. Define previous year under IT Act.
2. What is meant by perquisites?
3. Distinguish between business and profession.
4. Give the five heads of income.
5. Explain the treatment of leave salary received by non-government employee on termination of service.
6. What is the treatment for composite rent received?
7. How are the arrears of rent received treated while computing house property income?
8. What is meant by tea development account?
9. Explain profit in lieu of salary.
10. What is meant by additional depreciation?
11. What is Dearness allowance? What is its tax treatment?
12. What is cost of acquisition? (2 x 10 = 20)

PART BAnswer **any five** questions. Each question carries **5** marks.

13. What are the different types of income under IT act?
14. What is the exemption available on commuted pension?
15. The following are the incomes of Mr James for the previous year 2021-2022.
 - a) Income from salary received in India for services rendered in London – Rs 8000 (Computed)
 - b) Income from house property in Iran received in India Rs 1000
 - c) Dividend from an Indian company Rs 2000/-
 - d) Interest earned and received in Bangladesh from bank deposit there – Rs 6000
 - e) Profits of business established in Pakistan deposited in a bank there, this business is controlled from India. (Out of Rs 20000 a sum of Rs 10000 is remitted to India) Rs 20000
 - f) Income accrued in Bhopal but received in Singapore, Rs 6000
 - g) Income from agriculture in England, it is all spent on the education of children in London, Rs 5000. If he is (i) ordinarily resident (ii) not ordinarily resident (iii) non resident
Compute gross total income for the assessment year 2022-23.
16. Distinguish between capital expenditure and revenue expenditure with examples.

17. From the following information, compute the annual value of the house:

Municipal Value	80,000
Fair Rent	1,20,000
Standard rent	1,00,000

The house was self-occupied for four months and then let-out for (a) Rs.10,000pm
(b)15,000pm. Municipal tax paid by the owner Rs.10,000.

18. Mr. Ravi provides the following information regarding the sale of his residential house.

House purchased in 2002-2003	Rs.5,00,000
Sold in January 2022	Rs.50,00,000
Purchased another residential house in February 2022	Rs.10,00,000
Invested in bonds of Rural Electrification Corporation Ltd. In March 2022	15,00,000
Invested in bonds of National Highway Authority of India in March 2022	5,00,000

Compute the amount of capital gain to be included in the total income for the previous year 2021-2022. The cost inflation index in 2002-03 105, 2021-2022 317

19. Mr Venugopal an Indian citizen was born in the UK. He came to India, when he was of 12 years age and went outside India for the first time when he was 25 years of age. He left for the UK in May 2019 and again came back to India in March 2022. What is his residential status for the assessment year 2022-23?

20. Mr Prithvi is a government employee. During the year 2021-22 he got Rs 60,000 per month as salary, Rs 4,000 per month as dearness allowance, Rs 500 per month car allowance and rent-free house of the value of Rs 1,000 per month. He was also given entertainment allowance of Rs 400 per month with effect from 1st January 2017 when he was promoted and he that he did not spent any amount out of this for official purposes. Compute the amount deductible u/s 16 (ii). (5 x 5 =25)

PART C

Answer **any three** questions. Each question carries **10** marks.

21. The following particulars are of Mr Manoj's income:

- Salary (after deducting Rs 28,000 for income tax at source) Rs 3,80,000 p.a.
- Dearness allowance (Under the terms of employment) Rs 42,000 p.a.
- Education allowance (for 3 children) Rs 15,700 p.a.
- Medical allowance (actual medical expenses Rs 14,000) Rs 37,200 p.a.
- Rent-free house (in Jaipur) the company paid Rs 8,000 per month as rent. The house is furnished and rent of the furniture is Rs 25,050 p.a.
- A domestic servant, a sweeper and a watchman were paid by the company @ Rs 1,250 per month each.
- The company spent Rs 8,000 on his refresher course.
- His contribution to R.P.F. Rs 31,000 and employer's contribution Rs 36,000.

- i) The company has provided a free telephone at Mr Manoj's residence and paid bill amounting Rs 8,000.
- j) Professional tax Rs 7000 paid by Mr Manoj

Compute the taxable income from salary for the Assessment Year 2022-23

22. Explain, how house properties are classified for the computation of taxable income.

23. Shri Ramesh is the owner of two houses. He has furnished the following particulars for the Financial Year 2021-22:

First House: - Its Municipal valuation Rs 40,000. It is used by Ramesh for his own residence. He paid Rs 200 fire insurance premium and Rs 4,000 municipal tax. He also paid interest on the loan of Rs 20,000. This loan was taken to repay another loan taken for the construction of this house.

Second House: - Its municipal valuation is Rs 24,000 and standard rent is Rs 30,000 (Rent Control Act applicable). It has been let out at Rs 3,000 per month. He made the following payments:

Municipal Tax	Rs 6,000
Repairs	Rs 1,000
Land revenue	Rs 200
Legal expenses incurred to get the house vacated	Rs 500
Annual Charge	Rs 3,000

This house remained vacant for 2 months. Rs 9,000 could not be recovered from the defaulting tenant. The tenant has vacated the house. The conditions of Rule 4 are satisfied.

Compute his taxable income from the house property for the assessment year 2022-23.

24. Mr Bhagawandas is a registered medical practitioner. He keeps books on a cash basis, and his summarized cash account for the year ended 31st March 2022, is as under:

	Rs		Rs
To balance b/d	1,22,000	By Cost of Medicines	10,000
To Loan from Bank for private Purposes	3,000	By Surgical Equipments	8,000
To Sales of Medicines	25,250	By Motor – car	1,20,000
To consultation fees	1,55,000	By Car expenses	6,000
To Visiting fees	24,000	By Salaries	4,600
To Interest on Govt. Securities	4,500	By Rent of Dispensary	1,600
To Rent from property (not Subject to local taxes)	3,600	By General Expenses	300
		By Personal expenses	1,11,800
		By Life Insurance Premium	3,000

	By Interest on Loan from Bank	300
	By Insurance of Property	200
	By Balance c/d	71,550
3,37,350		3,37,350
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Compute his income from profession and house property for the Assessment Year 2022-23 taking into account the following further information:

- a) One-third of motor-car expenses are in respect of his personal use.
- b) Depreciation allowance on Motor-car and surgical equipment is @ 15%.

25. How would you determine whether an individual is

- (a) Ordinarily resident in India
- (b) Not ordinarily resident in India
- (c) Non resident in India?

(10 x 3 = 30)
