

M. COM DEGREE END SEMESTER EXAMINATION : NOVEMBER 2023**SEMESTER 3 : COMMERCE****COURSE : 21P3COMT12 : BUSINESS TAXATION - LAW AND PRACTICE***(For Regular - 2022 Admission and Supplementary - 2021 Admission)*

Duration : Three Hours

Max. Weights: 30

PART A**Answer any 8 questions****Weight: 1**

1. Explain the tax treatment of municipal taxes while determining income from house property? (U, CO 2)
 2. What is indexation? (R, CO 2)
 3. What is the tax treatment of URPF? (U, CO 2)
 4. How is self occupied house valued ? (U, CO 2)
 5. What are the available rates of GST? (R, CO 5)
 6. What do you mean by the term 'Income' ? (U, CO 1)
 7. Briefly explain the order of set-off. (U, CO 3)
 8. What is 'transfer' for the purpose of capital gains? (U, CO 2)
 9. What is Cascading Effect? (U)
 10. What is Impartible Estate? How is the income from Impartible Estate assessed? (U, CO 4)
- (1 x 8 = 8)**

PART B**Answer any 6 questions****Weights: 2**

11. Compute taxable income from house property from the following particulars:

	₹
Fair Market Rent	80,000
Actual Rent	72,000
Municipal Valuation	50,000
Standard Rent	60,000
Municipal Taxes	20%
Interest paid	18,000

(U, CO 2)

12. Mr Satyam has a big house consisting of 4 units. One portion is occupied by him and the remaining 3 are let-out. The following data is available for the assessment year 2022-23. Compute income from house property.

- a. Municipal value (entire house) ₹. 1,00,000
 - b. Municipal taxes ₹. 10,000
 - c. Actual rent (for the year) for 3 portions ₹. 1,80,000
 - d. Insurance premium ₹. 4,000
 - e. Repairs and collections charges ₹. 6,789
 - f. One portion remained vacant for 1 month and another portion remained vacant for 2 months.
- (U, CO 2)**

13. Write short note on the benefits of implementing GST. (U)
14. Mr. Syam leaves India for the first time on 10 June 2017 and comes back to India on 1.06.2020. He again leaves India on 15.07. 2021 and comes back on 1.3.2022. Determine residential status for the year 2021-22. (An, CO 1)
15. What are the functions of the Customs Department? (U)
16. Kumar, a boy of 16 years of age, has the following incomes during the year 2021-22.

- | | |
|---------------------------------|-------------|
| 1. Interest on bank deposit | ₹. 1,50,000 |
| 2. Interest on Govt, securities | ₹. 1,60,000 |
| 3. Interest on debentures | ₹. 80,000 |
| 4. Income from film acting | ₹. 2,00,000 |
| 5. Income from concerts | ₹. 1,00,000 |

(An, CO 3)

His father Mr. Shanker has taxable salary income ₹. 2,00,000 and his mother Mrs. Shanker has taxable income from house property ₹. 2,10,000. Determine the taxable total income of each.

17. What is the significance of classifying capital assets into short term and long term? Explain the tax implications on capital gains. (U)
18. Mr. Alwin is employed as an engine driver in Indian Railways. He is getting ₹. 15,000 p.m. as basic pay, ₹. 2,500 p.m. as DP and ₹. 2,500 p.m. as DA. During the year 2021-22, he received the allowances also :-
- a) ₹. 16,500 as running allowance.
- b) ₹. 200 p.m. per child as education allowance for his two children.
- c) One of his sons is staying in a hostel in which Alwin is spending ₹. 800 p.m. He is getting ₹. 500 p.m. for his son as hostel allowance for meeting this expenditure. (U, CO 2)
- d) ₹. 250 p.m. as CCA.
- e) ₹. 400 p.m. as uniform allowance fully spent for employment purpose.
- f) ₹. 2,500 p.m. as HRA. He pays ₹. 3,000 p.m. as rent to house owner.
- Compute his taxable salary for the AY 2022-23.

(2 x 6 = 12)

PART C

Answer any 2 questions

Weights: 5

19. Mr. Shiva is working with two concerns viz., X Ltd. and Y Ltd. as sales executive. He retired from X Ltd. in June, 2018 (Salary at the time of retirement ₹. 3,000) and received ₹. 40,000 as gratuity out of which ₹. 30,000 was exempt in the assessment year 2020-21. In October, 2022 he retired from Y Ltd. after 26 years and 10 months of service and received ₹. 70,000 as death-cum-retirement gratuity. His average basic salary drawn from Y Ltd. for preceding 10 months ended on September 30, 2021 is ₹. 6,500 per month. Besides, he has received ₹. 500 p.m. as dearness allowance which forms part of salary for the purpose of computation of retirement benefits and 5% commission on sale achieved by him. Total sale effected by him during 10 months ending on September 30, 2021 is ₹. 1,50,000. Determine the amount of gratuity exempt for the Assessment Year 2022-23. (An, CO 2)
20. Mr. Dev is an employee of a private limited company in Delhi. The following details of his income during the financial year ended 31.3.2022 are available. (An, CO 4)
- a. Basic salary at ₹. 15,000 per month.

- b. Dearness Allowance (ad hoc) ₹. 10,000.
- c. Entertainment allowance ₹. 10,000.
- d. Employer's contribution to the Recognized Provident Fund ₹. 20,000.
- e. His own contribution to the Provident Fund ₹. 20,000.
- f. The company hired a house at ₹. 3,500 per month and allotted to the assessee for his stay, free of rent.
- g. Children's Educational Allowance paid for meeting the cost of higher education of the assessee's two sons ₹. 7,400.
- h. Interest on fixed deposit from a nationalized bank earned during the year ₹. 4,000.
- i. During the year he also received income from units of a Mutual Fund ₹. 10,000.
- j. He paid interest on housing loan of own house ₹. 40,000 and the principal amount repaid during the year ₹. 40,000 (loan taken in 1998).
- k. Life insurance premium paid during the year ₹. 10,000.
- l. He donated ₹. 1,000 to National Foundation for Communal Harmony.

Compute the total income and tax payable by Mr. Dev for the assessment year 2022-23.

21. From the following particulars of Sri Balkrishan, working in a firm at Jaipur, compute his taxable income from salary for the previous year 2021-22:

	₹.	
(i) Basic Salary	18,000 p.m	
(ii) Contribution to Recognised Provident Fund	26,320	
(iii) Employer's contribution	26,320	
(iv) Interest on P.F. @ 9.5%	36,000	
(v) House Rent Allowance	24,000	
Rent paid for the house	48,000	
(vi) Medical Allowance	10,000	(U, CO 2)
Medical Expenses	12,000	
(vii) Free service of water & gas for which the payment was done by the employer	12,000	
(viii) He was provided with a cook whose salary was borne by the employer	72,000	
(ix) He claims the following deductions :		
(a) ₹. 700 in connection with purchase of books.		
(b) He paid ₹. 60 for State Employment Tax.		

22. Explain the structure of GST in India

(U)

OBE: Questions to Course Outcome Mapping

CO	Course Outcome Description	CL	Questions	Total Wt.
CO 1	To understand the concepts, definitions, terms, objectives, provisions of residential status and exempted incomes under Income Tax Act.	U	6, 14	3
CO 2	To learn and compute income under the various heads of income	An	1, 2, 3, 4, 8, 11, 12, 18, 19, 21	21
CO 3	To understand the provisions of clubbing of income, set off and carry forward of losses and deductions allowable under Gross Total Income	E	7, 16	3
CO 4	To compute and make assessment of individuals, HUF and computation of tax liability along with agricultural income.	E	10, 20	6
CO 5	To Remember the basic concepts of GST, its structure and understand its classification along with the basic provisions of customs Act.	R	5	1

Cognitive Level (CL): Cr - CREATE; E - EVALUATE; An - ANALYZE; A - APPLY; U - UNDERSTAND; R - REMEMBER;