

B.COM. DEGREE END SEMESTER EXAMINATION: NOVEMBER 2023
SEMESTER 5: COMMERCE (OPTIONAL COURSE FOR FINANCE AND TAXATION)

COURSE: 19U5OPCFT3: INCOME TAX LAW AND PRACTICE

(For Regular 2021 Admission and Supplementary 2020/2019/2018/2017/2016/2015 Admissions)

Time: Three Hours

Max. Marks: 75

PART A

*Answer **any Ten** questions. Each question carries **2 marks***

1. Explain the following terms: a) Income , b) Assessee
2. An assessee commences his business on : a) 1st September, 2022 , b) 1st February, 2023. In each case what will his Assessment year and what period will be treated as his previous year for the concerned Assessment year.
3. Who is a Not ordinarily resident?
4. Define the term 'Salary'
5. What is unabsorbed depreciation?
6. Explain the provision relating to Children Educational allowance.
7. Mention any two taxable perquisites for specified employees.
8. What is cost of acquisition?
9. What do you mean by Converted property?
10. Mention the deductions from Salary under Section 16.
11. Who is a specified category employee?
12. Following are the incomes of Mr.Mohan:
A) Received ₹ 10,000 in India, which accrued in England
B) ₹10,000 were earned and received in Africa but brought to India
Which of the incomes are taxable when he is a) ordinarily resident b) Not ordinarily resident and
c) Non- resident. (2 x 10 = 20)

PART B

*Answer **any five** questions. Each question carries **5 marks**.*

13. Income tax is charged on the income of the previous year. Do you fully agree with the statement? If not, what are the exemptions?
14. The particulars of income of Mr. Alan who is resident and not ordinarily resident for the Assessment Year 2023-24 are given below. Compute his Gross Total income:
 - i. Profit from business in USA, received in India ₹1,50,000
 - ii. Income from house property in USA, Deposited there ₹60,000.
 - iii. Income from agriculture in Sri Lanka, received in India ₹70,000.
 - iv. Past untaxed foreign income brought to India during the previous year 2022-23. ₹1,20,000.
 - v. Profit from business in UK controlled from India but deposited in a bank account in UK ₹50,000.
15. Enumerate the tax treatment of provident funds.

16. From the following information compute the income from house property

a. Municipal valuation	₹ 1,00,000
b. Fair rental value	₹ 1,40,000
c. Standard rent	₹ 1,20,000
d. Municipal taxed paid by the tenant	₹ 10,000

The house was self occupied for 4 months and let out at the rate of ₹ 12,000 per month for the remaining 8 months. The assessee paid ₹30,000 interest during the year 2020-21, on loan taken for the construction of the house.

17. Mr. Short, an employee in a company received the following from his employer:

	₹
Basic salary	32000 p.m
DA	8,000 p.m
CCA	2,000 p.m
Entertainment allowance	3,000 p.m
Medical allowance	2,000 p.m
Travelling allowance	600 p.m
Bonus	24,000
Children's education allowance (for 1 child)	4,800

Rent free accommodation provided by employer at Chennai (original cost of furniture provided in the house ₹ 1,60,000

Provided a small car with driver for use of private and office use

Compute income from salary assuming that he paid employment tax of 1,000 during the year.

18. From the following information compute the capital gains for the Assessment Year 2022-23:

	House 1	House 2
Date of purchase	May 1997	Dec 2000
	₹	₹
Cost of acquisition	1,90,000	2,50,000
Cost of additional construction in 2000	10,000	25,000
Fair Market value on 1st April, 2001	1,75,000	3,50,000
Cost of additional construction in 2014-15	48,000	1,20,000
Sale Proceeds of property in 2021-22	14,00,000	24,00,000
Cost inflation indices are: 2001-02-100; 2014-15-240; 2021-22-317.		

19. Mr. X started the construction of his house on 01-06-2015 and for this he took a loan of ₹ 2,00,000 at 13.5% p.a. from SBI. He took another loan of ₹ 6,00,000 at 13% p. a. on 01-04- 2018 to complete the house. The construction was completed on 30-11-2018 and was self- occupied from 01-12-2018. Compute his income under the head Income from House Property for the Assessment Year 2023-24.

20. Explain the expenses allowed for deduction under section 35 (B)

(5 x 5 = 25)

PART C

Answer any 3 questions. Each question carries 10 marks.

21. Write a short note on the following: a) Presumptive Taxation (Sec. 44AD), b) Deemed ownership of property, c) Accelerated assessment.

22. Mr. Promod Kumar is employed as Accountant in Textile Mills in Ahmedabad (population exceed 25 lakhs). He gives you the following particulars in respect of his salary for the previous year 2022-23:

- Basic Pay 9,80,000
 - DA 1,00,000 (not forming part of salary).
 - Entertainment allowance 20,000
 - Medical allowance 10,000
 - Bonus 10,000
 - Free telephone at residence for official as well as personal purpose.
 - Rent free house provided by the employer. House is owned by the employer. FRV of the house 40,000
 - He as well as Mills contributed 14% of his basic to RPF.
 - A small car provided him by employer for Promod's official and personal use. All expenses relating to car including driver's wages met by employer.
 - During the previous year he paid employment tax of ₹ 4,000.
- Compute his income from salary.

23. Following is the statement of income of Dr. Binu. Compute Income from Profession

	₹		₹
Rent	40,000	Visiting fees	45,000
Salaries	36,000	Consultation fees	1,25,000
Telephone expenses	6,000	Sale of medicine	72,000
Depreciation on equipments	6,000	Dividend	5,000
Income tax	4,000		
Purchase of medicine	36,000		
Donation	5,500		
Electricity and water charges	6,000		
Motor car expenses	9,600		
Depreciation on car	4,800		
Net income	93,100		
	2,47,000		2,47,000

Additional information

- a) Electricity and water charges include domestic bill ₹ 2,500
 - b) Half of the motor car expenses are for professional use
 - c) Telephone expenses include 40% for personal use
 - d) Opening stock of medicine was ₹6,000 and closing stock was ₹4,000
24. Following are the particulars of a let out house of Mr. Bibin
- a. Municipal valuation 4,20,000
 - b. Fair rental value 3,60,000
 - c. Standard rent 4,40,000
 - d. Actual rent 4,80,000
 - e. Unrealized rent of current year 40,000
 - f. Vacancy 2 months
 - g. Municipal taxed
 - Actually paid 12,000
 - Due but not paid 30,000
 - h. Repairs 10,000
 - i. Insurance premium 12,000
 - j. Other expenses 8,000
- Determine Mr. Bibin's Income from house property
25. Explain the income exempt from tax Under Section 10.

(10 x 3 = 30)
