

LOYOLA COLLEGE (AUTONOMOUS), CHENNAI – 600 034



B.Com. DEGREE EXAMINATION – COMMERCE

FIFTH SEMESTER – NOVEMBER 2022

UCO 5502 – INCOME TAX LAW AND PRACTICE

Date: 23-11-2022

Dept. No.

Max. : 100 Marks

Time: 09:00 AM - 12:00 NOON

SECTION-A

ANSWER ALL THE QUESTIONS

(10X2=20)

1. Define Assessee
2. State the Basic Conditions ascertaining the Residential Status of an Individual.
3. What are Deemed Incomes?
4. What is Cost inflation index?
5. State any TWO allowances fully exempted from tax
6. Mr. Ramesh was appointed in the scale of Rs.12000-420-18300 on 1.9.2018. Compute his salary income for the previous year 2021-22 if salary is due on 1st of every month.
7. On 1-6-2018 B a Malaysian citizen left from India after a continuous stay of 10 years. During the financial year 2019-20, he comes back to India and stayed for a period of 46 days and left. In the previous year 2020-21, he came back to India on 10-10-2020 and stayed here thereafter for one year. Determine B's residential status for the assessment year 2022-2023.
8. Find Gross annual Value
Municipal value-Rs.1,20,000; Fair rent-Rs.1,30,000;
Standard rent-Rs.1,10,000 Actual rent Rs.1,26,000
9. Classify the following into capital or non –capital assets from the following:
 - a. Car and scooter used for personal use
 - b. A Residential House Property
10. Mr.Mohan a resident individual furnishes the following particulars of his income for the previous year ending march 31st ,2022

Dividend from Microsoft, a foreign company (Gross)	Rs.60,000
Dividend from Teleco (Gross)	Rs.7,000
Dividend from units of UTI	Rs.5,000

SECTION-B

ANSWER ANY FOUR OF THE FOLLOWING:

(4X10=40)

11. Evaluate Gratuity for the following
 - i. Shri selvam, a Government employee, receives Rs. 2, 00,000 as gratuity at the time of retirement on May 30, 2021.
 - ii. Shri.Rajendran, an employee of Audco Ltd., receives Rs. 3, 00,000 as gratuity. He is covered by the payment of gratuity Act, 1972. He retires on November 15, 2021, after rendering services of 32 years and 7 months. At the time of retirement his monthly basic salary and DA were Rs.3, 000 and Rs.1, 000 respectively.
12. Define Assessment. Explain the various types of Assessment.
13. Mrs. Jacob, an ordinary resident of India, received the following income as interest on Investments in securities during the year ended 31st march 2022.
 - a. Rs. 1000 as interest on central Government Bonds;
 - b. Rs.7200 as interest on Debentures issued by a local authority,

- c. Rs.5600 as interest on Debentures of A Ltd (unlisted)
- d. Rs. 2700 as interest on Debentures of B ltd. (listed)
- e. Rs. 4800 as interest on Tax Free Debentures of C Ltd (unlisted)

Determine Mrs.Jacob's interest on securities under the head 'Income from other sources' for the Assessment year 2022-23.

14. Mr. Pannerselvam owned two motor cars which were mainly used for business purposes. The written down value on April 1, 2021 of these cars is Rs.1,81,000. The block of assets comprising of only these cars is Rs.1,81,000. The block of assets comprising of only these two cars was sold in June 2021 for Rs.1,50,000. In September 2021, 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 18,2022.

(CII: 2001-02 = 100; 2010-11 = 167; 2004-05 = 113; 2021-22 = 317)

Compute the capital gain chargeable to tax in respect of the above transactions for the assessment year 2022-23

15. Kumar a lawyer by profession keeps his cash book as per cash system of accounting. The following is the summary of his cash book for the year ended 31st March 2022.

Particulars	Rs.	Particulars	Rs.
To Balance b/d	5,000	By Rent of Chamber	2,400
To Fees	35,000	By Car Expenses	3,600
To Remuneration as Examiner	3,000	By Household Expenses	12,000
To Interest on Bank Deposits	2,500	By Local Taxes of the House	1,200
To Rent from House Property	8,000	By Repairs of the House	4,000
To Dividends	1,600	By LIC Premium for self	4,800
		By Cost of Books for Profession	4,000
		By Medical Treatment of Self	5,000
		By Balance C/d	18,100
	55,100		55,100

Additional information:

- a. 1/3rd of the house is used by Kumar for his own residence.
- b. Kumar is insured for Rs. 40,000.
- c. Kumar underwent Medical treatment for an eye ailment caused by intensive study of law books.
- d. Half of the Car expenses relate to personal use of the car by Kumar.
- e. Depreciation computed at the prescribed rate on the written down value of the car is Rs.2,000.

Compute his income from profession.

16. 'R' had the following income during the previous year 31-3-2022.

Particulars	Rs.
Salary received in India for 3 Months	9,000
Income from House Property in India (Computed)	13,470
Interest on Savings Bank Deposits in SBI	1,000
Amount brought into India out of the past untaxed profits earned in Germany	2,000
Income from Agriculture in Indonesia being invested in India	12,350
Income from Business in Bangladesh, being controlled from India	10,150
Dividend received from Belgium from French Companies out of which Rs.2,500 were remitted to India	23,000

You are required to compute his total income for the assessment year 2022-23 if he is a) Resident, b) Not ordinarily resident and c) Non-resident

17. Write short notes on the following:

a. Previous year; b. Casual Income; c. Basic Conditions; d. Exemption u/s 54 capital gains

SECTION-C

ANSWER ANY TWO QUESTIONS

(2X20=40)

18. Determine the taxable salary from the following details furnished by Mrs. Radha, if she is a Director of the employer company

Particulars	Rs.
Basic salary	45,600
Dearness Allowance – Not Forming Part	2,000
Entertainment Allowance	1,000
City Compensatory Allowance	2,000
Club bills paid by employer	2,000
Children's educational allowance for 2 children's	3,000
Hostel expenditure allowance (Two of her children reside in hostel)	6,000
Cook engaged by Radha - Salary paid by employer	3,000
Employer's contribution to RPF	8,000
Interest credited to accumulated fund balance at 12% p.a.,	24,000
Professional tax paid by employee	1,200
Chauffeur driven Car of above 1.6 Ltr provided for private and official purpose. (Expenses met by employer)	
Gardener, Watchman and Sweeper are provided at Rs.500 p.m. each as salary	

19. For the assessment year 2022-23, 'X' submits the following information:

Income from business (speculative): Rs. 40,000

Property	House I Rs.	House II Rs.
Fair Rental Value	3,60,000	N.A.
Municipal Rental Value	3,50,000	8,00,000
Annual Rent	3,80,000	6,80,000
Standard Rent	3,40,000	8,50,000
Municipal Taxes paid by Tenant	3,000	4,000
Municipal Taxes paid by X	20,000	40,000
Repairs paid by Tenant	500	18,000
Land Revenue Paid	200	16,000
Insurance Premium Paid	500	2,000
Unrealized rent of the PY 2019-20	0	50,000
Interest on Loan borrowed for payment of municipal taxes	0	1,20,000
Nature of Occupation	Let-out for Business	Let-out for Business
Date of Completion of Construction	April 1, 2017	July 1, 2001

Rs. 5,00,000 is borrowed to construct the House I on 1-7-15 and the loan was repaid on 1-1-2017. Rate of interest is 12%. Rs. 6,00,000 is borrowed to construct 2nd house on 1-1-98 and the loan is still due. Rate of interest is 12%. Determine the taxable income of 'X' for the assessment year 2022-23.

20. From the following particulars of Mr. Edward for the previous year ended 31st march,2022, estimate the total income for the Assessment year 2022-23. He received:

Particulars	Rs.
Director's fee for the company	10,000
Interest on Bank Deposits	3,000
Income from undisclosed sources	12,000
Winnings from Lotteries (net)	82,200
Royalty on a book written by him	8,000
By giving lectures in functions	5,000
Interest on loan given to a relative	7,000
Interest on tax free debentures of a company (listed in recognized stock exchange) net	3,560
Dividend on shares (net) TDS @ 10%	5,400
Interest on post office savings bank a/c	500
Interest on Government securities	2,200
A sum of Rs. 26,000 is received as a gift on 1-8-21 from a friend	
A sum of Rs. 50,000 is received as a gift on 1-10-21 from his sister	

He paid Rs.20 for collection of dividend and Rs.1000 for typing the manuscript of book written by him.

21. Explain any 15 incomes exempted from Tax u/s 10.

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