

(8 pages)

S.No. 1216

P 16 MC 14

(For candidates admitted from 2016-2017 onwards)

M.Com. DEGREE EXAMINATION, NOVEMBER 2022.

Commerce

INCOME TAX THEORY LAW AND PRACTICE

Time : Three hours

Maximum : 75 marks

PART A — ($10 \times 2 = 20$)

Answer ALL questions.

1. State the instances of agricultural income.
2. Who is a non-resident?
3. Enumerate any two taxable perquisites.
4. Write a note on unrealized rent.
5. Point out the various income under the head of income from business or profession.
6. State the meaning of long term capital gain.
7. What do you understand by carry forward of losses?

8. State any four donations for which 100% deduction is allowed.
9. State the rate of tax for an individual assessee.
10. What is meant by Tax Deducted at Source?

PART B — ($5 \times 5 = 25$)

Answer ALL questions, choosing either (a) or (b).

11. (a) Mr. David, a foreign national came to India for the first time on 31.03.2016. During the period between the financial years of 2016—2017 and 2020 —2021 he was in India as noted below:

2016—2017 - 160 Days

2017—2018 - 15 Days

2018—2019 - 90 Days

2019—2020 - 250 Days

2020—2021 - 70 Days

Determine his residential status for the Previous Year 2020 — 2021.

Or

- (b) Distinguish between capital and revenue expenditure.

12. (a) Illustrate how the income from self occupied and let-out house property is calculated.

Or

- (b) Mr. Y is working in Government office. During the previous year 2020—2021 he got Rs.50,000 p.m., as salary, Rs.10,000 p.m. as D.A. and Rs.600 p.m. as entertainment allowances. He paid a professional tax of Rs.2,400. Ascertain his taxable salary.

13. (a) From the details calculate capital gain.

- (i) Sale consideration of residential house for Rs.35,00,000 on 25.09.2020 (CII:301)
- (ii) Cost of acquisition of the house on 01.08.06 is Rs. 10,02,000 (CII: 122)
- (iii) New residential house acquired on 10th March 2021 for Rs.8,00,000
- (iv) Cost of stamp and registration fee is Rs. 1,00,000

Or

- (b) Discuss the expenses expressly disallowed while computing income chargeable under income from business.

14. (a) From the following details of Mr.Kesavan, compute his gross total income for the previous year 2020-2021

Particulars	Amount (in Rs.)
Income from cotton business	1,75,000
Loss from hotel business	72,000
Loss from house property at Chennai	63,000
Income from house property at Trichy	47,000
Loss from speculation business	29,000
Short term capital loss	12,000
Long term capital gain	10,000
Income from salary	50,000

Or

- (b) Mr. Kumar Gross total income is Rs.5,00,000 including a long term capital gain of Rs.1,00,000. He has made the following contribution and donation. Compute his total income for the previous year 2020- 2021

- (i) Contribution to RPF Rs.10,000
- (ii) Medi-claim insurance paid by cheque Rs.4,000
- (iii) Contribution to LIC pension fund Rs.6,000
- (iv) Donation to an approved institution for the purpose of promoting family planning Rs.50,000.

15. (a) From the following particulars of a firm which satisfies all the conditions of Sec. 184 and 40(b). You are required to calculate book profit for the previous year 2020-2021.

(i) Partners A, B and C share profits and losses in the ratio of 3:2:1

(ii) Net profit as per profit and loss account Rs. 1,00,000

(iii) The following items have been debited to profit and loss account

(1) Salary: A—Rs.12,000, B —Rs.18,000 and C-Rs.6,000

(2) Bouns Rs.15,000, Rs.10,000 and Rs.5,000 to A, B and C repectively

(3) Commission to A Rs.10,000

(4) Interest on Capital @15% p.a. A — 18,000, B— Rs.15,000 and C — Rs.12,000

Or

(b) Discuss the power and duties of Assessment Officer of Income Tax.

PART C — (3 × 10 = 30 marks)

Answer any THREE questions.

16. Describe the income exempted from the income tax under Section 10 of the Income Tax Act.

17. Mr.Z has two houses at Madurai. The particulars of house are as follows:

Particulars	House A (in Rs.)	House B (in Rs.)
Municipal Value	1,20,000 p.a.	96,000 p.a.
Fair rent	96,000 p.a.	84,000 p.a.
Standard rent	Nil	1,08,000 p.a.
Actual rent	9,000 p.m.	10,000 p.a.
Municipal taxes	20,000 p.a.	20,000 p.a.
Interest on loan borrowed for construction of house	10,000 p.a.	20,000 p.a.

Compute the income form house property of Mr.Z for the previous year 2020 —2021.

18. Following is the profit and loss account of Mr.Lal for the year ending on 31.03.2021. Calculate his income from business:

Particulars	Rs.	Particulars	Rs.
To Salary to staff	62,000	By Gross profit	2,00,000
To Rent	12,400	By Income from house property	1,00,000
To Sales tax	13,600	By Dividend	50,000
To Charity	10,000	By Business income	1,50,000
To Bad debt reserve	15,000		
To Advertisement (cash)	30,000		
To Depreciation on car	8,000		
To Patent			
(acquired on 31.12.19)	44,000		
To Net profit	3,05,000		

Additional Information:

- (a) Car is used 25% for personal purpose
- (b) Salary to staff includes Rs.25,000 given to his son for taking part in the business, which is unreasonable to the extent of Rs.5,000

19. Mr.Varun has furnished the following particulars for the previous year 2020-2021. Compute his gross total income.

Particulars	Amount (in Rs.)
Income from salary (Gross)	1,20,000
Rent from house property	5,000 p.m.
Income from medical business	30,000
Loss from provision stores	45,000
Income from speculation business	3,000
Long term capital gain	12,000
Short term capital gain	2,000
Income from interest on securities	9,000

Brought forwarded losses from the previous year 2019-2020.

Particulars	Amount (in Rs.)
Loss from medical business	2,200
Loss from speculation business	3,500
Loss from house property	6,000
Long term capital loss	5,000
Short term capital loss	2,800

20. Dr.Murali is working as Assistant professor in a private college at Madurai furnished the following particulars for the previous year 2020-2021. Ascertain his taxable income.

1. Basic salary @ 10,000 p.m.
2. D.A. 60% of the salary
3. City compensatory salary @ Rs.3,000 p.m.
4. Royalty from books of University (Computed) Rs.12,500
5. Examinership remuneration Rs. 18,000
6. Interest on Government securities Rs.6,000
7. Income from house property Rs.1,75,000 (Computed)
8. Contribution to statutory provident fund Rs.12,000
9. Contribution to PPF Rs.24,000
10. Premium paid by cheque on medical insurance policy on health of his father aged 67, not dependent on him Rs.35,000
11. Donation to an approved charitable institution Rs.40,000 by cheque