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Reg. No.....

Name.....

M.Com. DEGREE (C.S.S.) EXAMINATION, APRIL 2022

Third Semester

Faculty of Commerce

CM 010 302—INCOME TAX—LAW AND PRACTICE

(2019 Admission onwards)

[Common for M.Com. and Master of Commerce and Management]

Time : Three Hours

Maximum Weight : 30

Section A

*Answer any **eight** questions.*

*Answers shall not exceed **one** page.*

Weight 1 for each question.

1. What are profits in lieu of salary ?
2. What are tax free securities ?
3. What are the provisions for to set off loss of illegal business ?
4. What are marginal relief ?
5. What are deemed dividend ?
6. Mr. Q retires from X Ltd, on 31.10.2020. He gets pension of Rs. 2,000 per month upto 31.10.21. With effect from 1st November 2021 he gets 60 % pension commuted for Rs. 30,000. He did not get gratuity at the retirement. Determine the gross amount of taxable pension.
7. Mr. XG, aged 19 years, left India for first time on May 31st, 2020. Determine his residential status for the previous year 2020-21 if : (i) He left India for employment purpose ; (ii) He left India on world tour.
8. Calculate rebate u/s 87A if Short term capital gain on transfer of shares on which STT paid is Rs. 1,30,000 and Other income is Rs. 1,66,000 on an assumption that assessee is senior citizen.

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9. Find out the gross annual value in respect of the property :

Value determined by the Municipality for determining Municipal tax Rs. 5,00,000.

Rent of the similar property in the same locality Rs. 4,00,000.

Rent determined by the Rent Control Act Rs. 6,50,000.

Unrealised rent of the previous year 2020-21 Rs. 3,50,000

Period when the property remains vacant (in number of months) 5.

10. M/s Hasans enterprises has written down value in furniture block (depreciation rate 10 %) as on 1/4/2020 Rs. 1,80,000. The block consists of two furniture X and Y. Compute depreciation u/s 32 for the A.Y. 2021-22 if Furniture S purchased for Rs. 50,000 on 1/7/2020 but put to use on 11/11/2020 and Furniture X and Y sold for Rs. 20,000 and Rs. 11,000 respectively.

(8 × 1 = 8)

Section B

*Answer any **six** questions.*

*Answers shall not exceed **two** pages.*

Weight 2 for each question.

11. What are the Deductions under Chapter VI-A applicable to salaried persons.
12. What are the provisions related to inter head set off of losses.
13. Write short notes on maintenance of books of accounts by firm as accordance with Income tax Act.
14. Baktis's accounts are not required to be audited under section 44 AB. He furnished his return of income on 1st August, 2021. He has the following losses during the previous year: Loss from house property let out: Rs. 12,000 Loss from business: Rs. 60,000 Unabsorbed depreciation: Rs. 15,000 Short-term capital loss from sale of shares: Rs. 8,000. State, with reason, whether Bakti is entitled to carry forward above losses and unabsorbed depreciation.
15. The particulars are submitted by Mrs. Sradha.
1. Rent from house property in New York received there Rs. 20,00,000.
 2. Municipal value of self occupied property in India Rs. 8,50,000.
 3. Income from agricultural land in Bangladesh received there and remitted to India Rs. 5,00,000.
 4. Pension from Government of India received in Bangladesh Rs. 4,00,000





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5. Past untaxed profits brought to India Rs. 2,50,000. Compute the gross total Income of assessee if Mrs. Sradha is :
- (a) Resident Ordinary resident.
 - (b) Not ordinary resident.
 - (c) Non-resident.
16. Ram and Mrs. Ram hold 20 % and 30 % equity shares in Anand Ltd. respectively. They are employed in Anand Ltd. (taxable salary being Rs. 2,40,000 p.a. and Rs. 3,60,000 p.a. respectively) without any technical or professional qualification. Other incomes of Ram and Mrs. Ram are Rs. 70,000 and Rs. 1,00,000 respectively. Find out the net income of Ram and Mrs. Ram for the assessment year 2021-22.
17. Mr. Manu , a resident in India, has the following incomes for the year ended :
- 1. Income from sale of tea grown and manufactured in India Rs. 4,00,000.
 - 2. Income from growing and manufacturing rubber in India Rs. 5,00,000.
 - 3. Income from agricultural operations in Sri Lanka (cultivated paddy) Rs. 1,00,000.
 - 4. Income derived from sale of coffee grown, cured, roasted and grinded in India Rs. 2,00,000
- Determine the quantum of income which is regarded as agricultural income and non-agricultural income in the hands of Mr. Manu for the assessment year .
18. Mr. Xam, is suffering from low-vision (certified as severe disability). He has following incomes details :—
- Net Salary Rs. 14,50,000.
- Short term capital gain Rs. 85,000.
- Long term capital gain Rs. 1,95,000.
- Mrs. Xam, suffering from leprosy (certified as 50% disable), is fully dependant on Mr. Xam. Compute his total income.

(6 × 2 = 12)

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Section C

*Answer any **two** questions.
Answers shall not exceed **five** pages.
Weight 5 for each question*

19. Mr. X, who is totally blind, submits the following information. Compute his Total Income :
- (i) Salary received (per month) 35,000.
 - (ii) Rent received (per month) 18,000.
 - (iii) Dividend from Co-operative Society 20,000.
 - (iv) Interest from a firm (Gross) 12,000.
 - (v) Interest on Government Securities 25,000.
 - (vi) Winning from Lotteries 2,15,000.
 - (vii) NSC VIII issue purchased during the year 30,000.
 - (viii) Deposit under Public Provident Fund 31,000.
 - (ix) Long-term Capital Gain (Building) 45,000.
 - (x) Short-term Capital Loss 45,000.
 - (xi) Donation to State Government for promoting Family Planning by cheque 42,000.
20. Compute taxable income under the head Income from other sources of Mrs. Binil (45 years) from the following data :

	Rs.
(i) Private tuition fee received	... 10,000
(ii) Winning from lottery	... 2,000
(iii) Award from KBC (a TV show) [Gross]	... 3,20,000
(iv) Pension from employer of deceased husband	... 25,000
(v) Interest on bank deposit	... 25,000
(vi) Directors fee (Gross)	... 5,000
(vii) Letting out of vacant land	... 25,000
(viii) Remuneration for checking the examination copy of employer's school	... 10,000
(ix) Remuneration for checking the examination copy of C.A.	... 10,000





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(x) Income tax refund	...	5,000
(xi) Interest on income tax refund	...	100
(xii) Composite rent (related expenditures are Rs. 5,000)	...	10,000
(xiii) Rent on sub-letting of house property (rent paid to original owner Rs. 12,000)	...	20,000
(xiv) Income tax paid	...	2,000
(xv) Payment made for personal expenses	...	18,000
(xvi) Payment made to LIC as premium	...	2,000

21. Sri. Chandhhan is Marketing Officer in a Company in Kolkota. He furnished the following particulars regarding his income for previous year.

- (i) Net basic salary 1,49,000 which is after deducting 7,400 for income tax, 20,000 as contribution to recognized provident fund and rent for bungalow 3,600.
- (ii) Bonus 60,000.
- (iii) Travelling Allowance for Tour 25,000.
- (iv) Reimbursement of medical bills 7,500.
- (v) He lives in a bungalow belonging to the company in a town (population 15 lakh), its fair rent is 6,000 per month. The company has provided on this bungalow the facility of a gardener and a cook each of whom is being paid a salary of 350 per month and 600 p. m. respectively. The company paid in respect of this bungalow 6,000 for electric bill and 1,200 for water bill.
- (vi) He has been provided with a large car for official and personal use. The maintenance and running expenses of the car including car driver are borne by the company.
- (vii) The following amounts were deposited in his provident fund account: (1) Own contribution 20,000 ; (2) Company's contribution 20,000 ; and (3) Interest 9.5 % p. a. 23,000.
- (viii) Deposit in P. P. F. 16,000. Compute his taxable income from salary.

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22. Compute gross total income of Mr. X in following cases :

<i>Source of Income</i>	<i>Case 1</i>	<i>Case 2</i>
Income from house property (A)	... 30,000	40,000
Income from house property (B)	... (10,000)	(25,000)
Speculation income	... 80,000	(70,000)
Business Income	... (30,000)	50,000
Income from activity of maintaining race-horses business (A)	... (50,000)	10,000
Income from activity of maintaining race-horses business (B)	... 20,000	(6,000)
Income from agricultural business	... (25,000)	10,000
Short term capital gain (transaction A)	... 30,000	(20,000)
Short term capital gain (transaction B)	... (10,000)	5,000
Long term capital gain (transaction A)	... (30,000)	45,000
Long term capital gain (transaction B)	... 10,000	(2,000)
Income from lottery	... 40,000	—
Income from horse races	... 10,000	25,000
Income on card games	... (5,000)	(3,000)
Interest on securities	... 20,000	10,000
		(2 × 5 = 10)

