

## THIRD SEMESTER B.Com DEGREE EXAMINATION, NOVEMBER 2022

(Regular/Improvement/Supplementary)

B.Com Professional

GBCP3B10T: INCOME TAX LAW AND PRACTICE

Time: 3 Hours

Maximum Marks: 80

**PART A: Answer all the questions. Each carries one mark.****Choose the correct answer.**

1. Income tax is .....

- A) Indirect tax      B) Direct tax      C) Tax for a year      D) Online tax

2. Pension benefits of a retired employee is taxed under the head .....

- A) Salary      B) Pension      C) Other source      D) Not taxable

3. While calculating business income, disallowed portion of the preliminary expense is .....

- A) 1/5      B) 1/3      C) 4/5      D) 3/4

4. Income from sale of personal laptop is.....

- A) Income from business      B) Capital gain  
C) Income from other source      D) Not taxable

5. Unabsorbed depreciation can be carried forward to next.....

- A) 8 years      B) No such time limits      C) 5 years      D) 6 years

**Fill in the Blanks.**

6. PAN includes ..... alpha numeric characters.

7. .... is the value of a house property determined by the local authority for charging tax.

8. Annual publications for professional purpose are eligible for .....% depreciation.

9. Rate of tax on long-term capital gain for an individual is.....

10. Total income is rounded off to the nearest multiple of .....

**(10 × 1 = 10 Marks)****PART B. Answer any eight questions. Each carries two marks.**

11. Define assessment.

12. What is maximum marginal rate?

13. Write a note on 'profit in lieu of salary'.

14. What do you mean by standard rent?

**(PTO)**

15. Discuss the treatment of bad debt recovered (disallowed earlier).
16. Explain the term 'block of assets'
17. Discuss the treatment of amount spent before 1<sup>st</sup> April 2001 on improvement of the capital asset.
18. How do you calculate cost of acquisition of bonus shares?
19. What is key man insurance policy?
20. What is meant by grossing up of income?

**(8 × 2 = 16 Marks)**

**PART C: Answer any six questions. Each carries four marks.**

21. Discuss the provisions of the Income Tax Act relating to unabsorbed depreciation.
22. Zuhana Holidays furnished the following particulars for the assessment year 2022-23.

Loss from business	Rs.4,00,000
Loss from specified business	Rs.1,40,000
Depreciation allowance for the current year	Rs.80,000
Income from house property (computed)	Rs.8,00,000
Items carried forward from the earlier years:	
Business loss AY 2020-21	Rs.4,80,000
Unabsorbed depreciation AY 2021-22	Rs.2,00,000

Compute gross total income.

23. Mr. Sajid has a house property let-out for residential purpose. Below given are the details of this property situated at Calicut. Calculate his income from house property for the assessment year 2022-23.

Actual rent per month	Rs.18,000
Rent payable per month under rent control Act	Rs.17,000
Municipal rental value per month	Rs.17,000
Rent payable per month for similar houses	Rs.18,000
Fire insurance premium paid for the year 2021-22	Rs.2,000
Municipal tax @ 10 % of municipal valuation	

Construction of the property began in September 2016 and completed in February 2019. He took a loan for the construction of the property, on which he paid Rs.4,00,000 as interest up to 31. March 2018 and Rs.1,00,000 as interest for the PY 2021-22.

24. Shri. Sohan submits you the following particulars of his books of account for the previous year 2021-22. Net profit as per profit and loss account is Rs.11,50,000 (after charging a depreciation of Rs.17,000 and before charging the following). Compute income for business for the AY 2022-23.

Interest on capital	Rs.24,500
Salary to staff	Rs.1,16,000
Provision for income tax	Rs.27,000
Advertisement expenditure paid in cash	Rs.18,000
Expenditure of family planning	Rs.90,000
Donation to political party	Rs.12,000
Donation to Calicut University for approved research programme	Rs.80,000
Expenditure on acquiring patent rights	Rs.44,000
Bad debt recovered (allowed earlier)	Rs.7,000
Allowable depreciation as per the provisions of the Act	Rs.12,500

25. Shri. Rasheed built a house in 2001-02 at a cost of Rs.6,00,000 for self-residence. On 1<sup>st</sup> September 2021 he sold his house for Rs.45,00,000 and purchased a new flat on 1<sup>st</sup> February 2022 for Rs.15,00,000. He paid Rs.1,50,000 as fee for registration. He also paid 2% brokerage on sale and purchase of the property. Compute capital gains. If the cost of new flat is Rs.30,00,000, how much capital gain shall be taxable?

26. What is transfer in relation to capital asset?

27. "If there is a loss in any source of income, such loss can be set off against the income of any other sources under the same head". Discuss the exceptions.

28. Mr. Saravanan submits you the following details. Compute amount of deduction available u/s 80C for the assessment year 2022-23.

Premium paid on life insurance policy (sum assured Rs,1,00,000, policy taken on 1 <sup>st</sup> June 2013)	Rs.12,0000
Premium paid on life his spouse	Rs.15,000
Contribution to RPF	Rs.48,000
Contribution to PPF	Rs.18,000
Subscription to NSCVIII <sup>th</sup> issue	Rs.20,000
Accrued interest on NSC	Rs.2,000
Repayment of housing loan taken from HDFC Bank (Principal)	Rs.40,000
Medical insurance premium paid	Rs.17,000

(6 × 4 = 24 Marks)

(PTO)

**PART D: Answer any two questions. Each carries fifteen marks.**

29. Explain how the tax liability of an assessee is determined with reference to his residence.

30. From the following information compute taxable income from salary of Mr. Shiva, who is working as driver of a transport company at Mizoram.

Salary per month	Rs.30,000
Dearness allowance per month	Rs.3,000
Bonus equal to one month's pay	
Remote locality allowance per month	Rs.3,000
Allowance to meet personal expenses while in duty per month	Rs.4,500
Entertainment allowances per month	Rs.600
Medical allowances per month	Rs.1,500
Children educational allowance per month for three of his children	Rs.600
Allowance per month to meet hostel expenditure of his one child	Rs.400

31. Mr. Arun gives the following details of his income:

Net salary (after tax deducted at source Rs.50,000)	Rs.6,10,000
Rent from let out property	Rs.20,000 p.m.
Short term capital gain	Rs.60,000
Long term capital gain	Rs.90,000
Agricultural income	Rs.2,00,000
Interest received on fixed deposit in SBI	Rs.10,000
Interest received on SB Account	Rs.12,000
Advance tax paid	Rs.15,000
Winning from Lottery	Rs.1,00,000
Donation to an approved charitable Trust	Rs.50,000
Income from business	Rs.3,00,000

Compute Tax liability of Mr. Arun for the assessment year 2022-23

**(2 × 15 = 30 Marks)**