

**LOYOLA COLLEGE (AUTONOMOUS), CHENNAI – 600 034**



**B.Com. DEGREE EXAMINATION – HONOURS**

**FIFTH SEMESTER – NOVEMBER 2022**

**UBH 5502 – TAXATION**

Date: 29-11-2022

Dept. No.

Max. : 100 Marks

Time: 09:00 AM - 12:00 NOON

**PART -A**

**ANSWER ALL QUESTIONS (10X2=20)**

1. Differentiate between deduction and an exemption under Taxation.
2. State the basic and additional conditions for determining a person's residential status.
3. Mention any two set off rules and any two carry forward of losses of your choice.
4. State if the following expenses are admissible or inadmissible expenses:
  - Advertisements paid in cash of Rs.20,000
  - Rent free accommodation and club facility to resource personnel in the preceding previous years
  - Income from speculative Business
  - Interest on owner's capital
5. Why is income from other sources called the residuary income head?
6. State whether the following are the "capital assets or not" with reasons of your answers
  - (i) A car owned by an assessee and used by him and his family.
  - (ii) An air- conditioning plant owned by a company and installed at the residence of its managing director.
  - (iii) Silverware belonging to HUF which are placed before the family deity at the time of pooja or workshop on special occasions.
7. State some items which are still outside the scope of GST in India ?
8. Mr. Raz a German, came to India for the first time on 10.1.2019 and left to Australia on 15.9.2019. He again came to India on 1.5.2021 to leave to Singapore on 15.07.2021. Determine his residential status for the current assessment year.
9. From the following information you are to find out the Gross Annual Value

Particulars	House 1	House 2
Let out period	8 months	7 months
Self occupied period	4 months	5 months
Municipal valuation	1,80,000	1,90,000
Fair rental value	1,90,000	2,00,000
Standard Rent	NA	2,10,000
Actual rent	140,000	2,20,000

10. Mr. Ajay resides in Chennai, gets Rs,300,000 PA as basic salary. DA forming part of salary is Rs.40000 PA and 2% commission turnover achieved by him on a turnover of 3,00,000. He also received a special bonus

of Rs,50 ,000 PA. He receives Rs.60,000 as HRA though he pays a rent of Rs.80,000. Find the taxable portion of HRA of Mr. Ajay

**PART-B**

**ANSWER ANY FOUR QUESTIONS**

**(4X10=40)**

11. Calculate the income from other sources from the details given below for Mrs.Seeta for the previous year 2021-22

Particulars	Rs
Dividend from Indian Co Ltd	11,000
Collection charges paid for dividend	25
Interest on capital borrowed for investment in shares	1,000
Winnings received from lottery (Spent Rs.100 on purchase of tickets)	70,000
Winnings from card games	20,000
interest on central govt securities (Collection charges in respect of collecting this interest is 2% on the amount of interest	10,000
Family pension received	48,000
Gift of gold watch chain from her friend	40,000
Gift of watch from her distant cousin	20,000
Interest on post office savings bank A/C	2500
Gift of gold coin from her mother on her birthday	10,000
Royalty on books (Typing and printing charges 2000)	8000
Total Prize money from maintenance of race horses (1,60,000 Rs.is the expenditure incurred on owning and maintaining these race horses.	100,000

12. Mr. Vimal built a residential house at Hyderabad and for the completion of the house he took a loan of Rs. 20 lacs from the bank as under:

1. On 1/5/2015 – Rs.8,00,000 @ 10%
2. On 1/11/2016 – Rs.8,00,000 @ 9%,
3. On 1/1/2018 – Rs.4,00,000 @ 8%

House was completed in Oct.2018 and since then it is occupied for the residential purposes of his family. He repaid Rs. 4,00,000 to the bank on 1<sup>st</sup> Dec. 2021 and bank adjusted this amount against the loan of 2015.

Determine the amount of deduction admissible U/S 24.

13. Following are the incomes of Mr. Khan for the financial year 2021-22

- Pension received in UK for services rendered with a private company in India-15,000
- Income from House property in UK Rs.15,000
- Past untaxed profits brought to India -100,000
- Profits earned from a business in Paris which is controlled from India-Rs.100,000 , half of the profits being received in India
- Dividend from an Indian company Rs.10,000
- Gift from his own brother Rs.50,0000

- Income from agriculture in UK invested in Nepal Rs.2000
  - Interest from FD from SBI ,Chennai Rs.800
  - Dividends received in UK from an American company Rs.10,000
  - Salary drawn for 3 months(computed) received in Australia while working for an Indian Embassy's office there- Rs.72,000
- Compute his Gross Total Income, for the AY 2022-23 , assuming he is i) Resident , ii) Not ordinary Resident iii) Non Resident

14. Compute tax liability for the following cases for the AY 2022-23 in the following cases under the existing tax regime.

- Total income of Mr. P Rs.4,00,000 (47 years)
- Total income of Mrs. R isRs.12,80,000 (35 years)
- Total income of Mr.G Rs.10,28,200(65 years )

15. Explain the procedure for registration under GST.

16 (A) Mr. Raj, an employee of a private company, is given a car (1.5 litres) to be used for both office and personal purpose. The car expenses are Rs.64,000, including drivers' salary of Rs.24,000 are paid by the company. Mr. Raj pays Rs.600 pm to the company for using the car for his personal use. Find the value of this perquisite? (4 marks)

16 (B) Mr. Anand, an employee of Hyundai Ltd, is given a car (1.7 litres) owned by the company. The car expenses of Rs.40,000 are met by the company. The employer maintains a logbook of the car. The car is used exclusively for official purposes. Find the value of the car facility. (2 marks)

Mr. Venus is a pvt ltd employee. He is given a car (1.2 litres) owned by the company. Cost of the car is Rs.3,50,000. The expenses incurred on the car are: Petrol Rs.38,000; Driver's salary -Rs.36,000; Maintenance Rs.12,000. The car is used only for personal purposes. A sum of Rs.21,000 is recovered from Mr. Venus. Find the value of perquisite in respect of car for the AY 2022-23 ( 4 marks)

17. (A )Mr.Sharma retired on 30th September 2021 after 20 years of service and received Rs.96,000 as leave encashment for 12 months. His employer allows him 45 days of leave for every one year of service. His salary for 2020-21 was Rs.6000 and from 1.4.2021 it was raised to 8000 PM. He has already encashed leave for 18 months. Compute the taxable amount of leave encashment.( 5 marks)

17.(B) Calculate the taxable salary of Mr. Prem if the following information is provided by him. (5 marks)

- Basic Salary @10,000 PM
- DA -2000 PM(not entering service benefits)
- Bonus Rs.50,000 PM
- Traveling allowance (official use-Rs.4000) - Rs.5500
- Fixed medical allowance - Rs.3500
- Commission received 10% on turnover of Rs.5,00,000
- Employer's Contribution of RPF @ 14 % of salary
- Interest credited on 30.3.2021 to RPF balance @14% is Rs.50,000

**PART – C**  
**ANSWER ANY TWO QUESTION**

**(2X20=40)**

18.(A) Mr. Chaturvedi, Delhi has 3 house properties in various parts of India. The details are given below: **(15 marks)**

Location of Property	Delhi	Chandigarh	Kolkata
Usage	Self-Occupied	Let out	Let Out
	Amount (Rs)	Amount (Rs)	Amount (Rs)
Rent Received	NIL	360,000	1,80,000
Fair Rent	2,40,000	30,000	1,50,000
Municipal Value	2,10,000	240,000	1,20,000
Standard Rent	1,80,000	210,000	90,000
Municipal Tax Due	20,000	40,000	30,000
Municipal Tax paid by the assessee	NIL	NIL	20,000
Interest on money borrowed	2,80,000	1,40,000	1,50,000

Note: All the properties were acquired/constructed after 01.04.2013.

You are required to compute the income of Mr. Chaturvedi chargeable under the head Income from house property for the assessment year 2022-23

18( B) From the following calculate the taxable income of Mr. Madhavan using the set off and carry forward provisions. **( 5 marks)**

Particulars	Rs
Salary (computed)	62,000
Income from house properties:	
House A	58,000
House B-loss	(29,000)
House C -loss	(41,000)
Income from Business A	45,000
Loss from speculation business	4,200
Income from casual income (computed)	50,000

19. From the following particulars find out the tax liability of Ms. Sen working as a director in a private firm at Delhi. He is given a rent-free accommodation (owned by the company); the fair rental value is Rs.80,000. The accommodation also has furniture which costs about Rs.50,000. Additionally, one air conditioner was

hired for Rs.1000 p.m. He is also provided with a chauffeur driven Maruti car (1.4 ltr) for both personal and official use by the company. All expenses (like fuel, maintenance) are met by Ms. Sen for the car. The company also gave him a free membership to the Delhi Fitness Center (related to sports) worth Rs.10,000 p.a. Apart from the above, following are his other salary details:

<b>Particulars</b>	<b>Rs.</b>
Salary	60,000(p.m)
Dearness allowance (forming part of salary)	2,500(p.m)
Project allowance	1,000(p.m)
Children's educational allowance (she has one child)	3,000(p.a)
Cook appointed by Ms. Sen; salary paid by employer	2,000(p.m)
Entertainment allowance	5,000(p.a)
Travelling allowance (actual expenditure-Rs 1500)	2000 (p.a)
Fixed medical allowance	3500(p.a)
Laptop given for official purpose	55,000
Purchase of books and journals for his office work	1000
Gift of Bluetooth speaker on occasion of annual day at work worth	1000
Ms. Sen underwent a medical treatment in a hospital owned by the employer	3,500
Credit card bills paid by employer (Rs.5000 relates to official purpose)	6,000
Lunch facility availed at office premises	Rs.40 per meal for 220 days
Conference attended (for training purpose)	1,500
Professional tax paid by employer	1600 p.a
Income from Business A	67,000
Income from interest on FD	30,000
He contributes the following: Rs.20,000 towards the LIC premium of his own Rs.15,000 towards his wife Rs.20,000 towards his father's life Rs.10,000 towards his son's life Contribution to PPF -45,000 PA Tution fee paid to son's college – Rs.18,000(out of which 2500 is for development fee) Contribution towards National Illness Scheme – Rs.5000 Contribution towards Rajiv Gandhi Memorial Scheme -Rs.8000 Rs.5000 towards an university of eminence	

20 Mr. X owns 2 acres of agricultural land in an urban area of Ludhiana which he sold on 30<sup>th</sup> Nov. 2021 @ Rs. 50 lacs per acre. Other particulars are:

- (i) Cost of 2 acres of land purchased in 1997 Rs. 6 lacs
- (ii) F.M.V as on 1/4/2001 Rs.23 lacs
- (iii) Selling expenses Rs. 1 lac
- (iv) He owns one residential house on 30/11/2021
- (v) Date of filing of return of income is 31 July, 2022.
- (vi) Mr. X purchased 10 acres of agricultural land in a rural area of Rs 8 lacs on 10<sup>th</sup> June 2022.
- (vii) Mr. X purchased a piece of plot to construct a residential building for Rs . 6 lacs at Ludhiana.

(viii) He deposits Rs. 15 lacs in a scheduled bank in a capital gain deposit account scheme on 30<sup>th</sup> July 2022 to construct a residential house.

(ix) Amount invested in bonds of National Highway Authority of India Rs 8 lacs on 31<sup>st</sup> March 2022.

Assume he actually withdraws Rs. 12 lacs from the deposit account to complete his residential house.

21( A). Mr.Sivam a retail trader of Cochin gives the following trading and P/L account for the year ended 31.3.2022 (12 marks)

Opening stock	90,000	sales	12,11,500
purchases	10,04,000	Income from UTI	2,400
Gross profit c/d	3,06,000	Other business receipts	6,100
		Closing stock	1,80,000
	14,00,000		14,00,000
salary	60,000	Gross profit b/d	3,06,000
Rent and rates	36,000		
Interest on loan	15,000		
depreciation	105,000		
Printing and stationary	23,200		
Postage & Telegram	1640		
Short term loss on sale of shares	8100		
General expenses	7,060		
Net profit	50,000		
	3,06,000		3,06,000

Additional Information:

- A. It was found that some stocks were omitted to be included in both the opening and closing stock, the values of which were, opening stock -9000 and closing stock -Rs.18,000
- B. Salary includes Rs.10,000 paid to his brother , which is unreasonable to the extent of Rs.2000
- C. The whole amount of printing and stationery was paid in cash
- D. The depreciation provided in the P & L account Rs.105,000 was based on the following:  
The written down value of plant and machinery is Rs.4,20,000. A new plant was purchased on 1.7.2020 for Rs.70,000. The rate of depreciation is 15%. Two old plants were sold on 1.10.2020 for Rs.50000( No depreciation to be applied on sold assets as per taxations)
- E. Rent and rates include sales tax liability of Rs.3,400 paid on 7.4.2020
- F. Other business receipts include Rs.2,200 received as refund of sales tax relating to 2017-18
- G. Other general expenses include Rs.2000 paid as donation to a charitable trust .

21( B). From the following statement compute the income from profession of Dr.S. Kapoor if accounts are maintained on cash/receipt system : (8 marks)

Cash Receipts	Rs	Cash Payments	Rs
Visiting Fees	45,000	Dispensary rent	36,000
Consultation fees	125,000	Electricity and water	6000
Sale of medicines	72,000	Telephone expenses	6000
Dividends	5,000	Salary to nurse	36,000
		Depn on surgical equipments	6,000
		Depn on x-ray mach	4,000
		Purchase of meds	38,000
		Income tax	5500
		Donation to R K mission	4000
		Motor car expenses	9,600
		Dep on car	4,800
		Bal c/d	91,100
	247,000		247,000

Notes:

1. Electricity and water charges include domestic bill of Rs.2,500
2. Half of motor car expenses are for professional use
3. Telephone expenses include 40% for personal use
4. Opening stock of medicines Rs.6000 and closing stock Rs.4000

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