



LOYOLA COLLEGE (AUTONOMOUS), CHENNAI – 600 034

U.G. DEGREE EXAMINATION – ALLIED OPTIONAL

FOURTH SEMESTER – APRIL 2022

UCO 4402 – INTRODUCTION TO INCOME TAX

Date: 27-06-2022

Dept. No.

Max. : 100 Marks

Time: 09:00 AM - 12:00 NOON

PART – A

Q. No. Answer ALL questions

(10 x 2 = 20 Marks)

- 1 Mention any two exempted incomes U/s 10.
- 2 What is Unrealised rent?
- 3 What is casual income?
- 4 What is meant by perquisites?
- 5 Mention any two assets which are not considered capital assets.
- 6 What is meant by bond washing transactions?
- 7 Mr. Bheem has the following investments in the PY 2020– 21:
 - i. Income from Agriculture in London – ₹ 30,000;
 - ii. Amount won from Horse Race – ₹ 35,000;Find out his taxable income from other sources for the Assessment Year 2021 – 22.
- 8 From the particulars below compute the Gross Annual Value
Municipal Rental value ₹72,000: Fair rental value ₹90,000:
Actual Rent ₹80,000: Standard Rent ₹84,000
- 9 Ascertain the residential status of the assessee for the assessment year 2021-2022. Mr. Irfan is a citizen of India, he left for Singapore on 30th March 2020 and could not return to India till the end of the financial year 2020-2021.
- 10 Compute the long-term capital gain for the assessment year 2021-22 from the sale of a residential house Indexed Cost of acquisition ₹ 2,86,000: Sold on 10-10-2020 for ₹ 16,00,000: Indexed cost of improvement ₹ 35,000.

PART – B

Answer any four questions

(4 x 10 = 40 Marks)

- 11 Explain the canons of taxation.
- 12 Explain in detail any ten deductions available U/s 80C.
- 13 Mr. A has received the following income during the Previous Year 2020-21:
 - Taxable income from Salary ₹ 3,60,000 per annum.
 - Dividend received on shares of Tata Industries Ltd. ₹ 5,500,
 - Interest on Govt. Securities ₹ 1,800
 - Bank fixed deposit interest ₹ 6,020 (Gross).
 - Taxable income from house property ₹ 50,000
 - Profit from transfer of an asset ₹ 7,000 (short term)Compute total income and tax liability for the Assessment Year 2021-22.

- 14 Mr. Ricky provides the following information:
- Post office savings bank interest is ₹ 4,300
 - Director's fees from a company ₹ 10,000
 - Winnings from lotteries (net) ₹ 70,000
 - Received a gift of ₹ 25,000 from his sister
 - Royalty on a book written by him ₹ 8,000
 - Income from Agriculture in Sri Lanka ₹ 10,000
 - Winnings from Horse race ₹ 15,000
 - ₹ 45,000, 7% Capital investment bonds

He took a house at ₹ 5,000 monthly rent and spent ₹ 600 (annual) for repair and maintenance of the house. He let out half of the house to his friend at ₹ 3,000 per month. Compute the taxable income from other sources of Mr. Ricky for the assessment year 2021-2022, He spends ₹1,000 for typing the manuscript of a book written by him.

- 15 Mrs. Lucky has two house properties, house I is let out and house II is self occupied, she furnishes the following information:

| Particulars | HOUSE I | HOUSE II |
|--|---------|----------|
| Municipal value | 40,000 | 60,000 |
| Fair Rental Value | 50,000 | 70,000 |
| Standard Rent | 60,000 | 65,000 |
| Municipal Taxes | 4,000 | 5,000 |
| Expenses on repairs | 2,000 | 3,000 |
| Insurance Premium | 1,000 | 500 |
| Year on which loan was taken for construction of the house | 1995 | 2010 |
| Interest on loan paid during the previous year 2020-21 | 25,000 | 40,000 |

Find out income from house property for the assessment year 2021-2022.

- 16 Mr. Arul sold the following assets during the previous year 2020-21

| Assets | Land | Shares | Gold |
|----------------------------------|-------------|-----------|-------------|
| Date of Acquisition | 1/1/2009 | 1/09/2020 | 31/01/2010 |
| Date of Sale | 1/6/2020 | 1/12/2020 | 31/12/2020 |
| Cost of acquisition | ₹ 1,80,000 | ₹30,000 | ₹ 5,00,000 |
| FMV on 1/4/2001 | ₹4,00,000 | | |
| Sale Price | ₹ 22,60,000 | ₹70,000 | ₹ 30,00,000 |
| Cost of improvement on 31/5/2015 | ₹ 4,50,000 | ---- | |
| Expenses on transfer | ₹ 25,000 | ---- | |

Compute his taxable capital gain.

[2001-2002 C.I.I = 100] [2008-2009 C.I.I. = 137] [2009-2010 C.I.I = 149]

[2015-2016 C.I.I = 254] [2019-2020 C.I.I. = 289] [2020-2021 C.I.I = 301]

- 17 Mr. Harry is a German Citizen. During the financial year 2020-21 he was in India for 120 days and in the year 2019-20 for 182 days. Determine his residential status for the assessment year 2021-22 on the assumption that during the financial year 2010-11 to 2019-20 he was present in India as follows:

| | | | | | |
|---------|---------|---------|---------|---------|----------|
| 2010-11 | 20 days | 2011-12 | 16 days | 2012-13 | 28 days |
| 2013-14 | 30 days | 2014-15 | 50 days | 2015-16 | 150 days |
| 2016-17 | 59 days | 2017-18 | 43 days | 2018-19 | 182 days |

PART – C

Answer any two questions

(2 x 20 = 40 Marks)

18

From the following information compute short- or long-term capital gain or loss from the following particulars for the assessment year 2021-2022

| Particulars | Residential house property | Land | Furniture |
|-----------------------------------|----------------------------|-------------|-----------|
| Sale proceeds (04-10-2020) | ₹ 20,00,000 | ₹ 35,00,000 | ₹ 25,000 |
| Written down value as on 1-4-2020 | | - | ₹30,000 |
| Year of acquisition | 2002-03 | 2003-04 | 2017-18 |
| Cost of acquisition | ₹ 5,25,000 | ₹ 6,54,000 | ₹ 40,000 |
| Stamp duty value | | ₹ 40,00,000 | |
| Expenses on transfer | | ₹ 15,000 | |

The followings investments were made:

- On 15-01-2021, Rural Electrification Corporation bonds were acquired for ₹ 8,00,000
- On 20-02-2020 purchased a residential house property for ₹ 18,00,000

[2001-2002 C.I.I = 100] [2002-2003 – CII 105], [2003-2004 - CII 109]
[2017-2018 – CII 272], [2020-2021 – CII 301]

19 Mr. Arihant furnished the following particulars of his income earned during the previous year relevant to the previous year 2020 – 21:-

| Particulars | ₹ |
|--|----------|
| Interest on UK Development Bonds (three-fifths is received in India) | 40,000 |
| Income from agriculture in Srilanka received there but later on remitted to India | 81,000 |
| Income from property in Canada received outside India [₹ 1,50,000 is used in Canada for meeting the educational expenses of Mr. Arihant's daughter in USA and ₹ 36,000 is later remitted to India] | 1,86,000 |
| Income earned from business in Nigeria which is controlled from Delhi (₹ 25,000 received in India) | 50,000 |
| Dividend paid by a foreign company received in India | 46,500 |
| Past untaxed profit of 2011 – 12 brought to India in 2020 - 21 | 43,000 |
| Profits from a business in Surat but controlled from Tokyo | 27,000 |
| Profits on sale of a building in India but received in Nepal | 4,80,000 |
| Pension from a former employer in India, received in Canada | 16,000 |
| Gift in foreign currency from a friend received in India on January 20, 2021 | 65,000 |
| | |

20 For the assessment year 2021-2022, Mr.Ravi submits the following information:

| Particulars | House I | House II | House III | House IV |
|---------------------|------------|------------|------------|------------|
| Fair rent | ₹2,25,000 | ₹ 1,70,000 | ₹ 2,50,000 | ₹ 3,00,000 |
| Municipal Valuation | ₹ 1,75,000 | ₹ 1,50,000 | ₹ 3,25,000 | ₹ 3,25,000 |
| Standard rent | ₹ 1,50,000 | ₹ 1,40,000 | ₹ 2,25,000 | ₹ 3,40,000 |
| Annual rent | ₹ 3,60,000 | ₹ 2,40,000 | | |
| Unrealized rent | 1 month | | | |
| Vacancy period | | 4 months | | |

| | | | | | |
|-------------------------|--------|-----------------------------|------------------------------|------------------------------------|-----------------------------------|
| Municipal tax paid by - | Owner | ₹ 20,000 | ₹ 5,000 | ₹ 15,000 | ₹ 7,500 |
| | Tenant | ₹ 10,000 | ₹ 2,000 | --- | |
| Repairs | | ₹ 12,000 | ₹ 30,000 | ₹10,000 | ₹ 10,000 |
| Land revenue | | ₹ 10,000 | ₹ 40,000 | ₹ 7,500 | ₹ 15,000 |
| Nature of occupation | | Let out for business | Let out for residence | Self-occupied for residence | Self-occupied for business |

Interest on capital borrowed by mortgaging House I is ₹ 75,000 (funds are used for the construction of House III). Determine the total taxable income from house property.

- 21 Mr. Williams is employed in a firm at Chennai and he furnishes the following particulars of his income for the assessment year 2021-22.
- Salary ₹4,60,000 p.a.
 - Dearness allowance (Under the terms of employment) ₹53,000 p.a.
 - Education allowance (for 2 children) ₹15,700 p.a.
 - Medical allowance (actual medical expenditure ₹14,000) ₹27,600 p.a.
 - He is provided with a rent free accommodation which is owned by the employer in Chennai (Population of Chennai is above 25 lakhs)
 - The company has provided a free telephone at Mr. William's residence and the telephone bill amounting to ₹ 8,000 was paid by the employer.
 - Transport allowance ₹ 2,000 p.m
 - His contribution to RPF ₹ 38,000 and employer's contribution ₹38,000.
 - He is provided the facility of free lunch in the office during lunch break valued at ₹ 100 per day for 250 days in the previous year.
 - Professional tax ₹7,000 paid by Mr. Williams.

Compute taxable income from salary of Mr. Williams for the assessment year 2021-22.
