



# LOYOLA COLLEGE (AUTONOMOUS), CHENNAI – 600 034

**B.Com. DEGREE EXAMINATION – COMMERCE**

**FIFTH SEMESTER – APRIL 2023**

**CO 5504 – INCOME TAX LAW AND PRACTICE**

Date: 29-04-2023

Dept. No.

Max. : 100 Marks

Time: 01:00 PM - 04:00 PM

## PART – A

(10 x 2 = 20 Marks)

Q. No.

Answer all the Questions

- 1 Who can be called an “Deemed Owner” of a house property?
- 2 What do you mean by Previous Year?
- 3 Give any TWO examples of House Property exempted from tax.
- 4 Write a brief note on Persons.
- 5 List any TWO allowances fully taxable.
- 6 What is called commuted Pension?
- 7 What is the implication If a house is used for carrying his own business or profession by the owner throughout the previous year?
- 8 Give any TWO examples of exempted capital assets.
- 9 What do you understand by Income from Other Sources?
- 10 Is Health and Education Cess levied compulsorily? If yes, how much?

## SECTION – B

(4 x 10 = 40 marks)

Q. No.

Answer any TWO Questions

11	Find out the Gross Annual Value of the following assessee:					
	Details	H1 – Mr A	H1 – Mr B	H1 – Mr C	H1 – Mr D	H1 – Mr E
	Municipal Value	₹ 2,10,000	₹ 2,10,000	₹ 2,10,000	₹ 2,10,000	₹ 2,10,000
	Fair Rental Value	₹ 2,14,000	₹ 2,14,000	₹ 2,14,000	₹ 2,14,000	₹ 2,14,000
	Standard Rent	N. A.	₹ 1,76,000	₹ 1,76,000	₹ 2,70,000	₹ 2,70,000
	Annual Rent	₹ 2,40,000	₹ 2,52,000	₹ 1,80,000	₹ 2,88,000	₹ 1,92,000
	Unrealised Rent	₹ 2,000	₹ 4,000	₹ 2,000	₹ 4,000	₹ 2,000
Months Vacant	1	2	1	3	1	

12 Write the legal provisions relating to the following:

- |   |                                   |
|---|-----------------------------------|
| a | Non-Resident – 2 Marks            |
| b | Ordinarily Resident – 4 Marks     |
| c | Not-Ordinarily Resident – 4 Marks |

13 Compute the qualifying amount of deduction U/s. 80 C from the following information:

- (i) Life insurance premium on his own life is ₹ 22,000.
- (ii) Contribution to Recognised Provident Fund is ₹ 1,000.
- (iii) Contribution to Public Provident Fund is ₹ 95,000.
- (iv) Subscription to NSC (VIII) issue ₹ 18,000.
- (v) One year interest accrued on NSC (VIII) issue ₹ 8,000.
- (vi) Repayment of bank loan for construction of house ₹ 21,000 (principal).
- (vii) Life insurance premium on life of his wife is ₹ 5,000

14 Mr. Radhakrishnan owns a residential house property at Delhi. From the following information, compute the amount of capital gain:

Particulars	Am (₹)
Sales consideration (sale made on 20-02-2022)	14,50,000
Cost of acquisition (01-12-2004)	1,66,000
Cost of improvement (20-06-2007)	40,800
Expenses on transfer	8,000

	Cost of new house purchased in Noida (on 23-12-2021)	6,00,000
	Cost of another house purchased in Haridwar (on 05-03-2022)	2,30,000
	The C.I.I for 2004-05 is 113, 2007-08 is 129 and 2021-22 is 317.	
15	Following are the particulars of Mr. Pandian for the Previous Year ending 31 <sup>st</sup> March, 2022:	
	i.	Income from house property earned and received in Lebanon ₹ 6,00,000;
	ii.	Royalty received in India ₹ 5,40,000;
	iii.	Income from business in Berlin ₹ 4,50,000 and the business is controlled from Delhi.
	iv.	Income from investment in California ₹ 3,00,000;
	vii.	Income from business in Chennai ₹ 6,00,000. This business is controlled from London;
	viii.	Income from sale of house property in Australia ₹ 2,00,000.
	Calculate his total Income for the Assessment Year 2022-23, if he is (a) Ordinary Resident, and (b) Non-Resident.	
16	Mr. Chandran who is a Resident of India furnished the following particulars of his investments for the PY ended 31 <sup>st</sup> March, 2020:	
	i.	Rs.1,00,000 in Post Office Savings Bank Account which earns interest @ 4% p.a.;
	ii.	Rs.5,00,000 in Fixed Deposit A/c with IOB on which interest @ 8% is payable;
	iii.	Rs.10,000 interest received from NABARD;
	iv.	10% AP State Electricity Board Bonds Rs.2,00,000;
	v.	Rs.3,60,000, 10% tax-free debentures of Delhi Municipal Corporation.
	Calculate the taxable income under the head Income from Other Sources for the AY 22-23.	
17	Explain the various canons of taxation.	

**SECTION – C**  
**Answer any TWO Questions**

**(2 x 20 = 40 Marks)**

18. Ms. Lavanya owns three houses, the particulars of which are as follows:

Particulars	House - I	House - II	House - III
Municipal Rental Value	₹ 30,00,000	₹ 5,00,000	₹ 95,00,000
Fair Rental Value	₹ 39,00,000	₹ 18,00,000	₹ 95,00,000
Standard Rent	₹ 36,20,000	₹ 12,00,000	₹ 90,00,000
Annual Rent	₹ 42,00,000	-	-
Unrealized rent	₹ 3,50,000	-	-
Municipal tax paid by owner	50,000	50,000	50,000
Building Completed on	31-05-18	31-05-18	01-04-2017
Nature of occupation	Let out	Self-occupied	Own Business

She borrows ₹ 30,00,000; ₹ 40,00,000 & ₹ 50,00,000 @ 10% p.a. for construction of House I, II and III respectively on June 15, 2013, date of repayment of loan is 31<sup>st</sup> December 2021. Determine her income from house property for AY 2022–23

19. Ms. Sheethal, manager of a textile company at Chennai (population more than 1,00,00,000) submits the following particulars of her income for the FY 2012-22:
- Basic salary ₹ 1,87,500 p.m.;
  - D.A. ₹ 40,000 p.m. does not enter into pay for retirement benefit;
  - Education allowance for two children ₹ 2,500 p.m. per child;
  - Hostel allowance for two children at ₹ 4,500 p.m. per child;
  - Commission on sales achieved by him ₹ 4,00,000;
  - Employer contribution to RPF ₹ 3,95,000 in the previous year;
  - Entertainment Allowance ₹ 17,000 p.m.;
  - Interest Credited to RPF in the previous year @ 12% amounted to ₹ 1,20,000;
  - Encashment of earned leave ₹ 1,50,000;
  - He paid professional tax of ₹ 2,500
- Compute his taxable salary income for the assessment year 2022-23.

20. Mr. Param sold the following assets on 1<sup>st</sup> March, 2022:

Particulars	Sale Amt
Shoe Shop purchased in 2005-06 (C.I.I – 117) for ₹ 4,80,000	₹ 18,00,000
Machinery purchased in 2003-04 (C.I.I–109) for ₹ 5,00,000 (W.D.V. on 01-04-2021 is ₹ 3,50,000)	₹ 6,00,000
Furniture purchased on 01-06-2021 for ₹ 1,00,000	₹ 1,30,000
Office Computer purchased on 01-04-2019 for ₹ 1,00,000	₹ 1,20,000
A Land in Kolkata purchased in 1999-2000 for ₹ 4,00,000 (F.M.V. on 01-04-2001 is ₹ 7,50,000) C.I.I. – 100	₹ 28,00,000
One residential house purchased in 2007-08 (C.I.I – 129) costing ₹ 8,00,000	₹ 29,00,000

Calculate the amount of capital gains to be included in the Gross Total Income. The C.I.I for the year 2021-22 is 317.

21. Mr Michael has the following investment during the year ended 31<sup>st</sup> March, 2022:

S. No.	Particulars	Amount
a.	14% Government Securities	₹ 2,50,000
b.	16% Delhi Municipal Bonds	₹ 1,50,000
c.	18% Chennai Port Trust Bonds	₹ 2,00,000
d.	5-Year Post Office National Savings Certificate	₹ 1,00,000
e.	14% Central Govt. Bonds	₹ 1,80,000
f.	14% National Plan Certificates	₹ 50,000
g.	12% Foreign Government Securities	₹ 1,50,000
h.	Royalty by writing books	₹ 2,00,000
i.	Expenses on typing manuscripts	₹ 25,000
j.	Letting out of Plan & Machinery along with building	₹ 3,50,000
k.	Depreciation on machinery	₹ 25,000
l.	Depreciation on building	₹ 15,000
m.	Winning from Lottery (Net)	₹ 70,000

He paid ₹ 600 as commission for collecting the taxable interest on securities and ₹1,400 as bank charges. Calculate Income from other sources.

#####