



LOYOLA COLLEGE (AUTONOMOUS), CHENNAI – 600 034

M.Com. DEGREE EXAMINATION – COMMERCE

SECOND SEMESTER – APRIL 2023

PCO2MC04 – DIRECT TAX PLANNING AND MANAGEMENT

Date: 08-05-2023

Dept. No.

Max. : 100 Marks

Time: 01:00 PM - 04:00 PM

SECTION A – K1 (CO1)

Answer ALL the questions

(5 x 1 = 5)

1. **Answer the following**
- a) Define Avoidance of tax.
- b) What do you mean by Self-Assessment?
- c) Akash is entitled to get a pension of Rs. 6,000 per month from a private company. He gets 60% of the pension commuted and receives Rs. 3,60,000. He also receives Rs. 2,00,000 as gratuity from the same employer. Taxable portion of commuted value of pension will be:
(A) Rs.1,60,000, (B) Nil, (C) Rs. 3,60,000, (D) Rs. 60,000
- d) Sajed is the owner of a house property covered under the Rent Control Act. Municipal value Rs. 30,000, actual rent Rs. 25,000, fair rent Rs. 36,000 and standard rent is Rs. 28,000. The gross annual value of the house property will be:
(A) Rs. 30,000, (B) Rs. 25,000, (C) Rs. 36,000, (D) Rs. 28,000
- e) The maximum limit of deduction under section 24(b) for interest on borrowed capital on or after 1-4-1999 for repairs of house property used for self-occupation is:
(A) Rs. 30,000 ; (B) Rs. 2,00,000; (C) Rs. 50,000 and (D) Rs.60,000

SECTION A – K2 (CO1)

Answer ALL the questions

(5 x 1 = 5)

2. **Fill in the blanks**
- a) Due date for filing return of income in case of individual is: _____
- b) An individual having income from salary is to file his return by using _____ ITR.
- c) Return submitted by an assessee after incorporating omissions which is missed in the first return is termed as _____
- d) Charitable institutions having income is to file its return by using _____ ITR.
- e) Tax Deducted at source made by _____.

SECTION B – K3 (CO2)

Answer any THREE of the following

(3 x 10 = 30)

3. Hari has acquired a residential house property in Delhi on 1st April, 2009 for Rs.10,00,000 and decided to sell the same on 3rd May, 2011 to Ms. Pari and an advance of Rs. 25,000 was taken from her. The balance money was not paid by Ms. Pari and Hari has forfeited the entire advance sum. On 3rd June, 2021, he sold this house to Mr. Suri for Rs. 35,00,000. In the meantime, on 4th April, 2021, he had purchased a residential house in Delhi for Rs.8,00,000, where he was staying with his family on rent for the last 5 years and paid the full amount as per the purchase agreement. However, Hari does not possess any legal title till 31st March, 2022, as such transfer was not registered with the registration authority.
Hari has purchased another old house in Surat on 14th October, 2021 from Mr. X, an Indian resident, by paying Rs. 5,00,000 and the purchase was registered with the appropriate authority.
Determine the taxable capital gain arising from above transactions in the hands of Hari for A.Y. 2022-23. CII = 2009-10-148; 2011-12-184; 2021-22-317.
4. X holds the following securities on April 1, 2021:
Rs. 10,00,000 5% UP Government loan (date of payment of interest: January 1)
Rs. 40,000 6% Non-listed debentures of ABC Ltd. (dates of payment of interest: June 11 and December 11 every year)

	Rs. 25,000 8% debentures of PQR Ltd, (dates of payment of interest: June 15 and December 15 every year). On December 1, 2021, X sold Rs. 25,000 8% debentures of PQR Ltd. His business income is Rs. 5,64,000. Post Office Savings Bank interest is Rs. 4,300, SBI savings bank interest is Rs. 9,500 and he has received a gift of Rs. 1 lakh in foreign currency from a friend on December 1, 2021 on his marriage anniversary. Calculate the taxable income of X for the assessment year 2022-23.
5.	X was employed by PQR Ltd up to March 15, 1988. At the time of leaving PQR Ltd., he was paid Rs. 3,50,000 as leave salary out of which Rs. 57,000 was exempt from tax under section 10(10AA) (ii). Thereafter he joined ABC (P) Ltd. and received Rs. 4,12,200 as leave salary at the time of his retirement on December 31, 2021. Determine the amount of taxable leave salary from the following information: Salary at the time of retirement (per month): Rs. 22,900 Average salary received during 10 months ending on December 31, 2021 From March 1, 2021 to July 31, 2021 (per month): Rs. 22,600 From August 1, 2021 to December 31, 2021 (per month): Rs. 22,900 Duration of service (a): 14 $\frac{3}{4}$ Years Leave entitlement for every year of service (b): 45 days Leave availed while in service (c) : 90 days Leave at the credit of employee at the time of retirement [(14 x 45 - 90) + 30]: 18 months Leave salary paid at the time of retirement at the rate of Rs. 22,900 per month (ie., Rs. 22, 900 x 18): Rs. 4,12,200
6.	Explain the different offences which make an assessee liable to prosecution.
7.	Give the procedure for filling an appeal to the Appellate Tribunal.
SECTION C – K4 (CO3)	
	Answer any TWO of the following (2 x 12.5 = 25)
8.	Mr. Surinder Kumar owns a house in Delhi. During the previous year 2021-22, 3/4th portion of the house is occupied for self-residence for a full year and 1/4th portion is let out for residential purposes from 1-4-2021 to 31-12-2021 on a rent of Rs. 700 p.m. From 1-1-2022 this portion was used for own residence by him. Municipal valuation of the entire house is Rs.20,000 and fair rental value is Rs. 24,000. Expenses incurred in respect of the house property were: Municipal Taxes Rs.6,000; Repairs Rs. 2,000; Fire Insurance premium Rs. 3,500; Land Revenue Rs. 4,000 and Ground Rent Rs. 200. These expenses were paid during the year. A loan of 90,000 was taken on 1-4-2018 @ 10% p.a. for the construction of the house which was completed on 31-1-2019. Loan is still outstanding. Find out his income from house property for the assessment year 2022-23.
9.	From the particulars given below, compute the salary income of Mrs. Swati for the year ending on 31-3-2022: a) Net salary received after deduction of the following: Rs. 1,50,000 Income tax deducted at source: Rs. 6,000: Own contribution to RPF: Rs. 20,000 Rent of residential house provided: Rs. 4,000 b) Profit Bonus: Rs. 24,000 c) Entertainment Allowance: Rs. 12,000 p.a. d) She went on tour for official purposes and received traveling allowance: Rs. 6,000 e) She was ill and was treated in a private hospital. Medical bills reimbursed Rs. 12,000 f) She was provided with a rent free house owned by the company at Patna [Population 20 lakhs] company also provided a gardener to maintain this house. Salary of gardener paid by the company: 500 p.m. (g) The electricity and water bill of the above house paid by the company: Rs. 1,200 p.m. (h) She was provided with a car of 1.2 It. CC which was used partly for personal and partly for employment

purposes.

(I) The company contributed Rs. 24,000 towards RPF.

(J) She has taken an interest free loan of Rs. 12,000 against salary during the year repayable in 6 equal monthly installments starting from August, 2021.

10. Explain in brief the provisions of income relating to "Advance payment of tax".

11. What do you understand by Best Judgement Assessment? Under what conditions it is made by assessing officer?

SECTION D – K5 (CO4)

Answer any ONE of the following

(1 x 15 = 15)

12. Shankar Sahu, a foreign national furnishes the following particulars of his income relevant for the previous year 2021-22.
Profit on sale of plant at London (one-half is received in India): Rs. 1,46,000
Profit on sale of plant at Delhi (one-half is received in London): Rs. 1,02,000
Salary from an Indian Company received in London (one-half is paid for rendering services in India): Rs. 60,000
Interest on UK Development Bonds (entire amount is received in London): Rs. 40,000
Income from property in London received there: Rs. 30,000
Profit from a business in Delhi managed from India: Rs. 49,000
Income from agriculture in London received there, half of which is used for meeting hostel expenses of Shankar Sahu's son in England and remaining amount is later on remitted to India: Rs. 25,000
Dividend (Gross) received in London on May 6, 2021 from a company registered in India but mainly operating in U.K.: Rs. 17,000
Rental Income from a property in Nepal deposited by the tenant in a foreign branch of an Indian bank operating there: Rs. 12,000
Gift from a relative in foreign currency (one-third of which is received in India and remaining amount is used for meeting education expenses of Shankar Sahu's son in USA): Rs. 3,70,000

Determine gross total income of Shankar Sahu for the assessment year 2022-23 if he is: (a) non- resident (b) resident but not ordinarily resident, and (c) resident and ordinarily resident.

13. Mr. X owns 2 acres of agricultural land in an urban area of Ludhiana which he sold on 30th Nov. 2021 @ Rs.50 lakhs per acre. Other particulars are:
I. Cost of 2 acres of land purchased in 1997 Rs.6 lakhs.
II. F.M.V. as on 1-4-2001 Rs.23 lakhs.
III. Selling expenses Rs.1 lakh.
IV. He owns one residential house on 30.11.2021.
V. Date of filing of return of income is 31st July, 2022
VI. Mr. X purchased 10 acres of agricultural land in a rural area for Rs.8 lakhs on 10th June, 2022.
VII. Mr. X purchased a piece of plot to construct a residential building for 6 lakhs at Ludhiana
VIII. He deposited Rs. 15 lakhs in a Schedule bank in a Capital gain deposit Account Scheme on 30th July 2022 to construct a residential house.
IX. Amount invested in Bonds of National Highway Authority of India Rs.8 lakhs on 31st March 2022. Assume that he actually withdraws Rs.12 lakhs from the deposit account to complete his residential house. Compute Capital Gain for the Assessment Year 2022-23. CII=2021-22-317

SECTION E – K6 (CO5)

Answer any ONE of the following

(1 x 20 = 20)

14. Following are the particulars of 2 let out houses of Mr. Ashu Aggarwal

Particulars	House A (Rs.)	House B (Rs.)
Municipal Valuation	4,20,000	3,50,000
Fair Rental Value	3,60,000	3,80,000
Standard Rent	4,40,000	3,20,000
Actual Rent	4,80,000	4,20,000
Unrealized Rent of Current Year	40,000	35,000

Vacancy	2 months	2 months
Municipal Taxes: Actually Paid:	12,000	35,000
Due but not Paid:	30,000	10,000
Repairs	10,000	8,000
Insurance Premium	12,000	6,000
Other Expenses	8,000	10,000
Interest on money borrowed for the purchase of house	-	60,000

Determine Mr. Ashu's income from house property.

15. Shri Bhutani who is resident of India furnished the following particulars of his investments for the previous year ended 31, March 2022-
- Rs.10,000 units of mutual Fund (Gross Income Rs.1200)
 - Rs.3000 in post office savings bank account which earns interest @ 4% p.a.
 - Rs.45,000 Fixed deposit account with Allahabad Bank on which interest @ 9% is payable
 - 12% Rs.40,000 Debentures (Listed) of Tea Company
 - Rs. 2000 interest received on National Development Bonds
 - Rs.1000 interest received on the debentures of a co-operative society
 - 10% U.P. State Electricity Board Bonds Rs.20,000
 - Rs. 10,000 in 7-Year Post Office National Savings Certificates interest @7% p.a. is payable on the same every year
 - Rs.36, 000 10% Tax-free Debentures of Agra Municipal Corporation. Interest being payable on 31st December
 - Rs.900 received by an account payee cheque as interest on debentures (Listed) of a company in which public are substantially interested
He collected the entire interest himself and claimed Rs.200 as his own fees for collection of interest.
 - Interest on post office National Savings certificates VIII issue Rs. 5,000
- Calculate the taxable income under the head "Income from Other Sources" for the Assessment year 2022-23

#####