



LOYOLA COLLEGE (AUTONOMOUS), CHENNAI – 600 034

U.G. DEGREE EXAMINATION – ALLIED

FOURTH SEMESTER – APRIL 2023

UCO 4402 – INTRODUCTION TO INCOME TAX

Date: 04-05-2023

Dept. No.

Max. : 100 Marks

Time: 09:00 AM - 12:00 NOON

	Answer ALL the Questions	(10 x 1 = 10)
1.	Answer the following	
a)	Allowances	
b)	Assessment Year	
c)	Capital Gains	
d)	Assessee	
e)	Municipal rental value	
2.	Fill in the blanks	
a)	Pre-construction interest can be deducted in _____ equal instalments commencing from the previous year in which the house is constructed.	
b)	Free lunch given to employees is exempt upto _____	
c)	Tiffin allowance is _____ allowance.	
d)	An individual is a _____ in India if he does not satisfy both basic conditions.	
e)	Equity or preference share held for not more than _____ months are treated as short term capital assets.	
	SECTION A - K2 (CO1)	
	Answer ALL the Questions	(10 x 1 = 10)
3.	Choose the correct answer	
a)	Every year the residential status of an assessee: (i) may change (ii) will definitely change (iii) will not change (iv) None of these	
b)	Education allowance is exempted for (i) One child (ii) two children (iii) three children (iv) none of these	
c)	For income tax purposes, the house means: (i) Godown (ii) Commercial Building (iii) Dwelling house (iv) All the above	
d)	Exemption u/s 54EC is allowed for investment in (i) residential house (ii) agricultural land (iii) bonds of NHAI and REC (iv) Shares	
e)	Rate of TDS on listed company securities is: (i) 30% (ii) 12% (iii) 10% (iv) 11%	
4.	True or False	
a)	Employer's contribution to Recognised Provident fund is exempted up to 10% of salary.	
b)	Municipal tax paid by tenant is not deductible from Gross annual value	
c)	Rural agricultural land is not a capital asset	
d)	Dividends from Indian companies are exempted from tax	
e)	Under Income tax act, the incidence of taxation depends on the residential status of the tax payer.	
	SECTION B - K3 (CO2)	
	Answer any TWO of the following	(2 x 10 = 20)
5.	Explain the various cannons of taxation.	

6. Mr. Kannan who is engaged in business, visits Germany very frequently and remaining days he stays in India. From the given particular below, determine his residential status for the previous year -2021-22.

Previous year	Stay in India (Days)	Previous year	Stay in India (Days)
2011-12	220	2016-17	30
2012-13	190	2017-18	66
2013-14	201	2018-19	71
2014-15	87	2019-20	225
2015-16	40	2020-21	71
		2021-22	283

7. Compute the amount of tax liability for the assessment year 2022-23 from the following information:
 Income from salary (Net) = Rs. 4,60,000
 Income from short term capital gain = Rs. 2,20,000
 Income from other sources = Rs. 80,000.

8. Mr. Babu retired on 30.11.2021 from a coal mine after putting a service of 28 years and 10 months. At the time of his retirement, he was getting a salary of Rs.16,000 p.m. Gratuity received Rs. 3,50,000. Find out his taxable gratuity, if he is covered under Gratuity Act, 1972.

SECTION C – K4 (CO3)

Answer any TWO of the following **(2 x 10 = 20)**

9. Explain any 10 exempted incomes as per Income Tax Act.

10. Dinesh has the following incomes in the previous year 2021-22.

- Dividend from an Indian company - ₹ 12,800
- Royalty by publication of a book - ₹ 6,000
- ₹ 1,000 for typing the manuscript of the book written by him.
- Winnings from Lottery (Net) - ₹49,000
- ₹ 90,000, 10% Tax-Free Commercial securities (listed)
- Interest on post office savings bank account - ₹ 6,800
- ₹5,500 received as interest on Tamil Nadu Govt. Securities

Compute Income from Other Sources for the Assessment Year 2022-23.

11. Calculate the taxable capital gain of Mr. Tarun for the Assessment year 2022-23.
 Mr. Tarun purchased a house in 2001-02 (CII: 100) for Rs.2,50,000 and it was sold for Rs.19,00,000 on 1st November 2021. He purchased another residential house for Rs. 7,00,000 and invested Rs. 1,60,000 in bonds of NHA1 during December 2021. CII for 2021-22 : 317

12. Mr. Naresh constructed one house which consists of two equal independent units. Unit I is let out and Unit II is self occupied. The other particulars are:
 Fair rental value - Rs. 96,000 p.a
 Municipal value - Rs. 50,000 p.a
 Standard rent - Rs. 88,000 p.a
 Actual rent for let out portion – Rs. 58,000 p.a
 Interest on loan taken for construction of full house – Rs. 40,000
 Compute income from house property.

SECTION D – K5 (CO4)

Answer any ONE of the following **(1 x 20 = 20)**

13. Mr. Rahul owns following three house properties. Other particulars are as follows:

Particulars	House I Self occupied	House II Let out	House III Being used in own business
Municipal Valuation	25,000	90,000	85,000
Standard rent	---	82,000	49,000
Fair rental value	26,000	80,000	70,000

Annual rent	---	1,20,000	----
Vacancy	Nil	1 Month	Nil
Unrealized rent	----	20,000	---
Municipal taxes	2,000	5,000	7,000
Repair	4,000	7,000	6,000

Mr. Rahul borrowed Rs 5,00,000 @ 10% for the construction of House No I on 1st October, 2017, loan is to be repaid on 31st December 2025 and house was completed on 31st October 2019. Determine the house property income of Mr. Rahul.

14. Mr. Krishnan furnishes the following particulars of his income earned during the previous year relevant to the assessment year 2022-23.

	Rs
a. Interest on German Development Bonds (one-third is received in India)	36,000
b. Income from agriculture in Bhutan and received there, later remitted to India	48,000
c. Income from property in Canada received in U.S.A	1,40,000
d. Income earned from business in Kuwait, business being controlled from Mumbai (Rs 25,000 is received in India)	60,000
e. Dividend from an Indian Company	11,000
f. Royalty received in Singapore from Mr. Sriram, a resident in India, for technical services provided for a business carried on in Singapore	20,000
g. Profit from a business in Chennai; this business is controlled from Singapore	1,25,000
h. Profit on sale of a building in India, but received in Bhutan	2,40,000
i. Income from agriculture in Haryana; received in Mumbai	1,20,000

Compute his gross total income, if he is (a) Resident and Ordinarily Resident (b) Not Ordinarily Resident (c) Non-Resident.

SECTION E – K6 (CO5)

Answer any ONE of the following

(1 x 20 = 20)

15. Mr. Murthy furnishes the following details of his salary Income:

(a)	Salary	4,50,000
(b)	Dearness Allowance (enters)	1,20,000
(c)	Uniform allowance Spent Rs.8,000 on purchase and maintenance of the uniform	10,000
(d)	Research allowance	9,000
(e)	Education allowance for his son	30,000
(f)	City Compensatory Allowance	18,000
(g)	Professional tax paid by the employer	2,000
(h)	Refreshment during office hours at an estimated cost of Rs.500 p.m.	6,000
(i)	Employer paid his club bills	15,000
(j)	Employer's contribution to R.P.F. is 14% of salary.	
(k)	H.R.A. received by him is Rs.12,000 p.m. Rent paid by him is Rs.15,000 p.m.	

Compute his taxable income under the head Salary for his assessment year 2022-23

16. During the year ended 31st March 2022, Mr. Francis sold the following assets:
 (a) Shop purchased in 2005-06 (CII : 117) for Rs. 58,000 is sold for Rs. 10,90,000
 (b) One residential house purchased in 2007-08 (CII: 129) costing Rs. 4,00,000 is sold for Rs. 21,20,000
 (c) Agricultural land in Chennai purchased in 1998-99 for Rs. 40,000 is sold for Rs. 3,90,000 (Fair market value on 1.4.2001(CII : 100) being Rs. 92,000)
 During the previous year 2021-22 (CII : 317) he purchased a new house for his residential purpose for Rs. 10,00,000. Calculate the taxable capital gains for the assessment year 2022-23.

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