

LOYOLA COLLEGE (AUTONOMOUS), CHENNAI – 600 034



B.Com. DEGREE EXAMINATION – CORPORATE SECRETARYSHIP

FIFTH SEMESTER – NOVEMBER 2022

UBC 5501 – INCOME TAX - I

Date: 21-11-2022

Dept. No.

Max. : 100 Marks

Time: 09:00 AM - 12:00 NOON

PART-A

Q.No

Answer ALL Questions

10X2=20 Marks

- 1 Write the meaning of Gross Total Income?
- 2 Write a short note on assessee?
- 3 What is residential status?
Which of the following incomes are taxable when the residential status of Nakesh is ordinarily resident:
 - 4 a) Income from house property in India, received in China (Computed) Rs.60,000.
 - b) Share of Income from Indian Partnership firm Rs.1,20,000.
 - c) Dividend from Indian Company Rs.12,000.
- 5 What do you mean by entertainment allowance?
Mr. X resides in Chennai, gets Rs.10,000 per month as basic salary, Rs.8,000 per month as DA (Forming Part) and Rs.12,000 per month as HRA. He pays Rs.10,000 per month as house rent. Calculate Taxable HRA.
- 7 What is Municipal Rental Value?
Compute Gross Annual Value from the following details for the AY 2022-23.
- 8 Municipal Value-Rs.1,20,000; Fair Rental Value-Rs.1,32,000; Standard Rent-Rs.1,26,000; Date of letting- 01/08/2021; Date of Completion- 31/05/2021.
- 9 Define Capital Assets under section 2 (14)?
Write down the minimum holding period for the following assets to become long term capital assets?
 - 10 a) Residential House Property
 - b) Listed equity and preference shares
 - c) Jewelry (including Diamond)
 - d) Urban agricultural land

PART-B

Answer any FOUR Questions

4X10=40 Marks

11. Calculate taxable gratuity in the following cases:
 - a) Basic salary Rs.8,000. Gratuity received Rs.2,00,000(last 10 months average salary Rs.8,000 p.m). She is not covered under the payment of Gratuity Act and total service made was 34 Years.
 - b) Mr.A an employee of the Central government, receives Rs.92,000 as gratuity at the time of his retirement on 31st December 2021.
 - c) Arun an employee of AB ltd received Rs.2,05,000 as gratuity under the payment of gratuity act, 1972.He retires on September 10, 2021 after rendering service for 35 years and 7 months. The last drawn salary was Rs.2,700 per month.
- 12 Determine the residential in the following cases:
 - i. Mr. Raj, an Indian citizen, left for America on 25.05.2021 and had not come back until 31.03.2022.
 - ii. Mr. Raman went to Malaysia on 22.05.2018 for the first time and he returned to India on 20.10.2021.
 - iii. Mr. Pandiyan, an Indian, went to Singapore on 10.08.2021 for employment purpose. He came back to India on 28.02.2022.

- 13 (a) For the previous year ending 31st March 2021, non-agricultural income of Mr.Rana (age: 25 years) is Rs.4,00,000, whereas agricultural income is Rs.13,60,000. Compute total tax payable.
- (b) Z Ltd grows sugarcane to manufacture sugar. The data for the PY 2021-22 is as follows.
 Cost of cultivation of sugarcane Rs.3,00,000
 Market value of sugarcane when transferred to factory Rs.5,00,000
 Other manufacturing cost-Rs.3,00,000
 Sale of Sugar-Rs.12,50,000
 Salary of managing director who looks after all operations of the company Rs.1,50,000.
 Determine the income of the company.
- 14 Compute taxable leave salary in the following cases:
- a) Mr.Narendran retires on 30.09.2021 after 20 years' service and received Rs.48,000 as leave encashment for 12 months. His employer allows him 1^{1/2} months leave for every one year of service. He has already encashed leave for 18 months. His salary for 2020-21 was Rs.3,000 and from 1.4.2021, it was raised to Rs.4,000 p.m.
- b) Ms.Thenmozhi retires on 01.07.2021 after 18 years of service and received Rs.1,50,000 as leave encashment for 15 months. Her employer allows her 1^{1/2} months of leave for every one year of service. She has already availed leave for 12 months. Her 10 months average salary was Rs.15,000 p.m.
- 15 Ms. Eliana is working in a public company at Chennai, has furnished the following particulars of her salary income for the P.Y 2021-22. Compute his taxable salary.
- Basic salary -Rs.8,000 p.m
 - D.A(75% forming part of salary)-Rs.4,000 p.m
 - Bonus-Rs.6,000 p.a
 - Education allowance for his children-Rs.600 p.m
 - C.C.A -Rs.1,000 p.m
 - Medical allowance-Rs.600 p.m
 - Entertainment allowance-Rs.1,000 p.m
 - She is provided with rent free accommodation. The rent paid by the employer for that accommodation is Rs.2,000 p.m. Cost of furniture Rs.20,000.
 - Professional tax paid by her Rs.1,400
 - He contributes 15% of her salary towards R.P.F. His employer also contributes an equivalent amount. Interest on PF credited @ 12% is Rs.2,640.
- 16 From the following particulars, compute income from house property which consists of two independent units having 1/3rd and 2/3rd area:
 Date of Completion: 01.11.2016
 Municipal Rental Value -Rs.90,000
 Fair Rental Value-Rs.1,20,000
 Self-Occupied- 2/3 Portion
 Let out 1/3 portion from 01.04.2021 to 30.09.2021 @ 9,000 p.m and self -occupied from 01.10.2021 onwards
 Municipal taxes Rs.9,000 p.a
 Fire Insurance Premium-Rs.3,000 p.a
 Ground Rent-Rs.4,000 p.a
 Interest on loan -Rs.12,000
- 17 Mr.RAJA and Ms.RANI transfer the following assets to a partnership as their share of capital during 2021-22.

| Particulars | Mr.RAJA (Rs) | Ms.RANI(Rs) |
|-------------|--------------|-------------|
|-------------|--------------|-------------|

| | | |
|-----------------------------------|----------|-----------|
| Land acquired on 01.07.1979: | | |
| Value recorded in books | 8,00,000 | - |
| Cost of acquisition | 70,000 | - |
| Fair Market value on 01.04.2001 | 60,000 | - |
| Land acquired on 01.01.1980: | | |
| Value recorded in books | - | 50,00,000 |
| Cost of acquisition | - | 50,000 |
| Fair market value on 01.04.2001 | - | 1,00,000 |
| Gold acquired on 31.03.2021(Cost) | 3,00,000 | 4,00,000 |
| Value recorded in books | 5,00,000 | 6,00,000 |
| Fair market value on 31.03.2021 | 3,10,000 | 3,50,000 |

Compute the capital gains accruing to Mr.RAJA and Ms.RANI during 2021-22

PART-C

Answer any TWO questions

2x20=40 Marks

- 18 The following are the income of Ms.Meera for the previous year 2021-22:
- Profits of a business established in Hongkong, deposited in a bank there Rs.2,00,000, the business controlled from India.
 - Profits of a business established in Germany and received in Germany from a business controlled in Germany Rs.4,00,000.
 - Past untaxed foreign income brought into India during the previous year Rs.60,000.
 - Interest on foreign Government securities received in U.K and deposited there Rs.30,000.
 - Profit from business in Australia received in India Rs.15,000. Profit received from business in Chennai-Rs.10,000
 - Income from house property in U.K received in India Rs.10,000. Interest on Indian Government securities received in India Rs.1,00,000.
 - Income from agricultural in USA Rs.70,000 entire amount spent there for daughter's education.
 - Income from house property in USA deposited in a Bank there Rs.1,00,000 (Computed).
 - Profits earned and received from business in Mumbai Rs.50,000.
 - Past accrued/earned in India received in Singapore Rs.40,000.
- From the above particulars ascertain the taxable income of Ms.Meera for the previous year 2021-22, if he is: (i) a Resident, (ii) a Not Ordinarily Resident, and (iii) a Non-Resident.
- 19 From the following particulars given by Mr.RANA, compute taxable salary income and amount qualified for deduction u/s 80C:
- Basic Salary Rs.13,000 p.m
 - Dearness allowance Rs.900 p.m of which Rs.500 p.m enters into pay for service benefits.
 - Bonus Rs.8,400
 - Salary in lieu of leave Rs.3,000
 - Entertainment allowance Rs.1,500 p.m
 - Reimbursement of conveyance expenditure incurred for performing duties Rs.200 p.m.
 - Furnished house owned by employer at concessional rent of Rs.800 p.m in Chennai. Fair rental value Rs.2,500 p.m. Cost of furniture Rs.35,000. Salary of Gardner Rs.1,000 p.a.
 - Club bills paid by employer Rs.2,200 p.a.
 - Contribution by employer and employee to R.P.F-13%(each) of salary.
 - Reimbursement of medical expenses Rs.2,600.
 - Life insurance premium paid by employee: own life Rs.3,000 p.a; Wife's life Rs.4,000 p.a; Major son- Rs.2,000 p.a.
 - Amount deposited in ELSS-Rs.2,400.
 - Contribution to PPF-Rs.2,000.

(a) For the assessment year 2022-23, Mr.Kalidass submits the following information:

| Particulars | House I Rs. | House II Rs. |
|------------------------------------------------------------------------------|-----------------------|----------------------|
| FRV | 3,60,000 | - |
| Municipal Valuation | 3,50,000 | 8,00,000 |
| Annual Rent | 3,80,000 | 6,80,000 |
| Standard Rent | 3,40,000 | 8,50,000 |
| Municipal taxes paid by tenant | 3,000 | 4,000 |
| Municipal taxes paid by Mr.Kalidass | 20,000 | 40,000 |
| Repairs paid by tenant | 500 | 18,000 |
| Land revenue paid | 2,000 | 16,000 |
| Insurance premium paid | 500 | 2,000 |
| Unrealized rent of the previous year 2019-20 | - | 50,000 |
| Interest on loan borrowed for payment of municipal tax of the house property | - | 1,20,000 |
| Nature of occupation | Let out for residence | Let out for business |
| Date of Completion of construction | April' 2017 | July1,2001 |

Rs.5,00,000 is borrowed to construct the House I on 1.07.2015 and the loan was repaid on 01.01.2017. Rate of interest is 12%.

Rs.6,00,000 is borrowed to construct the House II on 01.01.1998 and the loan is still due. Rate of interest is 12%.

Income from business (speculative)- Rs.40,000.

Determine the taxable income of Mr.Kalidass for the A/Y 2022-23.

b) Explain briefly the following:

- (i) Gross Annual Value
- (ii) Municipal Rental
- (iii) Fair Rental Value
- (iv) Standard Rent

(a) During the year ended 31st March 2022, Mr.Albert sold the following assets:

| Particulars | Sale (Rs) |
|---------------------------------------------------------------------------------------------------------------|-----------|
| 1. Shop purchased in 2005-06 (CII=117) for Rs.20,000 | 90,000 |
| 2. Machinery purchased in 2003-04 (CII=109) for Rs.50,000 (WDV on 01.04.2021 Rs.35,000) | 60,000 |
| 3. Furniture purchased on 01.05.2021 for Rs.10,000 | 12,000 |
| 4. Machinery purchased on 01.05.2021 for Rs.10,000 | 12,000 |
| 5. Agricultural land in Agra purchased in 1999-2000 for Rs.10,000 (FMV on 01.04.2001 CII=100) being Rs.15,000 | 90,000 |
| 6. One residential house purchased in 2007-08 (CII=129) costing Rs.33,000 (CII for 2021-22=317) | 1,80,000 |

During the year, he bought another house for his residence for Rs.2,00,000. Compute taxable gains.

(b) Mrs.Reena furnish the following details:

Particulars: Share in A Ltd., (Listed)

Date of Purchase: 01.02.2021

Date of Sale: 05.10.2021

Cost of Purchase-Rs.25,000

Expenses on purchase Rs.500

Sale value -Rs.50,000

Expenses on sale -Rs.1,000

Compute capital gain.
