

23002824



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Reg. No.....

Name.....

M.Com. DEGREE (C.S.S.) EXAMINATION, MARCH 2023

Third Semester

Faculty of Commerce

CM 010 302—INCOME TAX – LAW AND PRACTICE

(2019 Admission onwards)

[Common for all Branches]

Time : Three Hours

Maximum Weight : 30

Section A

*Answer any **eight** questions.*

Weight 1 each.

*Answer shall not exceed **one page**.*

1. Explain Unabsorbed Depreciation.
2. What is TDS ?
3. Write a short note on the Accelerated Assessment.
4. What do you mean by Fringe Benefits ?
5. What is Intra-Head Set off ?
6. Mr. John has a total income of Rs. 13,00,000 for P.Y 2022-23, comprising of income from house property and interest on fixed deposits. Compute his tax liability for A.Y. 2023-24 assuming his age is 45 years.
7. Mr. Vinod who retired on 1.10.2022 is receiving Rs. 6,000 p.m as pension. On 01.02.2023, he commuted 60% of his pension and received Rs. 3,00,000 as commuted pension. You are required to compute his taxable pension assuming that he is a government employee.
8. Resident of Trivandrum, Mr. Siyad gets Rs. 83,000 as salary, Rs. 6,000 as dearness pay, Rs. 6,000 as dearness allowance and Rs.10,000 per annum as fixed commission during the previous year. During the previous year he received Rs. 32,000 as house rent allowance though he paid Rs. 38,000 as rent. Compute house rent allowance exempt from tax.
9. Ms. Arsha is employed in a town (population 13 lakh). Her particulars of income for the A. Y. 2023 - 24 are : Basic salary Rs. 8,000 p.m., D.A. Rs. 2,000 p. m. (40% enters into retirement benefits), Bonus Rs. 8,000 p.a., Commission Rs. 4,500 p.a., Entertainment Allowances Rs. 500 p.m. Fair rental value of rent-free house provided by the employer Rs. 40,000 p.a., Value of furniture provided Rs. 20,000. Compute his income from salary.





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10. Mr. Ronald, Canadian citizen, comes to India for the first time during the P.Y. 2018–19. During the financial year 2018-19, 2019-20, 2020-21, 2021-22 and 2022-23, he was in India for 55 days, 60 days, 90 days, 150 days and 70 days respectively. Determine his residential status for the A.Y. 2023-24.

(8 × 1 = 8)

Section B

Answer any six questions.

Weight 2 each.

Answer shall not exceed two pages.

11. Explain the clubbing provisions of income of spouse and minor child.
12. State any four losses which can be carried forward for 8 succeeding years.
13. Specify the exemption from capital gain u/s 54 EE.
14. Mr. Balu is working in ABC Ltd., and has given the details of his income for the P.Y. 2022-23. You are required to compute his gross salary from the details given below :

Basic salary	Rs. 10,000
D.A (50% is for retirement benefits)	Rs. 8,000 p.m
Commission as a percentage of turnover	0.1%
Turnover during the year	Rs. 50,00,000
Bonus	Rs. 40,000
Gratuity	Rs. 25,000
His own contribution in the RPF	Rs. 20,000
Employer's contribution to RPF	20% of his basic salary
Interest accrued in the RPF @13% p.a	Rs. 13,000

15. Mr. Rahul retired on 15.06.2022 after completion of 26 years and 8 months of service and received gratuity of Rs. 15,00,000. At the time of retirement, his salary was:

Basic salary : Rs.50,000 p.m.

Dearness Allowance : Rs.10,000 p.m.(60% of which is for retirement benefits)

Commission: 1% of turnover (turnover in the last 12 months was Rs.1,20,00,000)

Bonus : Rs.25,000 p.a.

Compute his taxable gratuity assuming that he is private sector employee and covered under the payment of Gratuity Act 1972 and he is a Government employee.





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16. Compute Gross total income of Ms. Sudha from the following for the A.Y. 2023-24.

Income from House property : Rs. 3,00,000.

Business Loss : Rs. 1,20,000.

Current year depreciation : Rs. 20,000.

Business loss of the preceding year : Rs. 1,00,000

Unabsorbed depreciation of the preceding years : Rs. 40,000.

Unabsorbed capital expenditure on scientific research : Rs. 20,000

Short term capital loss : Rs. 80,000.

Long term capital Gain : Rs. 1,00,000.

17. Mr. Sarath is a teacher. Calculate his total income for the current assessment year based on following particulars :

	Rs.
Salary @ 17,700 per month	2,12,400
Wardenship Allowance @ 200 p.m.	2,400
Examinership Remuneration	5,400
Royalty from books for colleges	18,000
Income from card games	6,400
Amount received from lottery (Net)	28,000
Expenses on lottery tickets	10,000

18. Mr. Sundar is a businessman. The particulars of his income are as follows for the assessment year 2023 -24 :

	Rs.
Business Income	4,82,000
Income for House Property (Computed)	24,000
Interest on Govt. Securities	20,000
Long - term Capital Gains	12,000
Winnings from horse race	7,000
He has paid life insurance premium amounting to	5,000

You are required to compute his net tax liability.

(6 × 2 = 12)

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Section C

Answer any two questions.

Weight 5 each.

Answer shall not exceed five pages.

19. Mr. Ganapathi, employed as production manager in Bite Ltd, furnishes the following information for the year ended 31.03.2023 :

- (i) Basic salary upto 31.10.2022 Rs. 50,000 p.m.
Basic salary upto 01.11.2022 Rs. 60,000 p.m.
Note : Salary is due and paid on the last day of every month.
- (ii) Dearness Allowances @ 40% of basic pay.
- (iii) Bonus equal to one month salary. Paid in October 2022 on basic salary plus dearness allowance applicable for that month.
- (iv) Contribution of employer to recognized provident fund account of the employee @ 16% of basic salary.
- (v) Professional tax paid Rs. 2500 of which Rs. 2000 was paid by the employer.
- (vi) Facility of laptop and computer was provided to Ganapathi for both official and personal use. Cost of laptop Rs. 45,000 and computer Rs. 35,000 were acquired by the company on 01.12.2022.
- (vii) Motor car owned by the employer (cubic capacity of engine exceeds 1.60 litres) provided to the employee from 01.11.2022 meant for both official and personal use. Repair and running expenses of Rs. 45,000 from 01.11.2022 to 31.03.2023, were fully met by the employer. The motor car was self- driven by the employee.
- (viii) Leave travel concession given to employee, his wife and three children (one daughter aged 7 and twin sons aged 3). Cost of air tickets (economy class) reimbursed by the employer Rs.30,000 for adults and Rs.45,000 for three children. Ganapathi is eligible for availing exemption this year to the extent it is permissible in law.

Compute the salary income chargeable to tax in the hands of Mr. Ganapathi for the A.Y 2023-24 assuming he has not opted for the provisions of section 115BAC.





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20. Mr. Sohan submits the following details of his income for the A.Y. 2023-24.

Particulars	Rs.
Income from salary (computed)	3,00,000
Loss from let out house property	(-) 40,000
Income from sugar business	50,000
Loss from iron ore business b/f (discontinued in P.Y. 2017-18)	(-) 1,20,000
Short term capital loss	(-) 60,000
Long term capital gain	40,000
Dividend	5,000
Income received from lottery winning (Gross)	50,000
Winning from card games (Gross)	6,000
Agricultural income	20,000
Short term capital loss under section 111A	(-)10,000
Bank interest on Fixed Deposit	5,000

Calculate gross total income and losses to be carried forward, assuming that he does not opt for the provisions of section 115 BAC.

21. Mr. Xavior owns one residential house in Mumbai. The house is having two identical units. First unit of the house is self-occupied by Mr. Xavior and another unit is rented for Rs. 8000 p.m. the rented unit was vacant for 2 months during the year. The particulars of the house for the previous year 2022-23 are as under :

Standard rent	Rs.1,62,000 p.a
Municipal Valuation	Rs. 1,90,000 p.a
Fair Rent	Rs. 1,85,000 p.a
Municipal tax (paid by Mr.Xavior)	15% of Municipal Valuation
Light and water charges	Rs. 500 p.m
Interest on borrowed capital	Rs.1,500 p.m
Lease money	Rs.1,200 p.a
Insurance charges	Rs. 3,000 p.a
Repairs	Rs.12,000 p.a

Compute income from house property of Mr. Xavior for the A.Y 2023-24.

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22. Mr. William, aged 33 years, working as manager with Frozen Food Ltd., provides the following information for the year ended 31.03.2023 :

Basic salary	Rs.15,000 p.m
D.A. (50% of it is meant for retirement benefits)	Rs.12,000 p.m
Commission as a percentage of turnover of the company	0.5%
Turnover of the company	Rs.50,00,000
Bonus	Rs.50,000
Gratuity	Rs. 30,000
Own contribution to RPF	Rs. 30,000
Employer's contribution to RPF	20% of the basic salary
Interest credited in the RPF account @15% p.a	Rs.15,000

Gold ring worth Rs.10,000 was given by employer on his 25th wedding anniversary.

Music system purchased on 01.04.2022 by the company for Rs. 85,000 and was given to him for personal use.

Two old light goods vehicles owned by him were leased to a transport company against the fixed charges of Rs. 6,500 p.m. books of account are not maintained.

Received interest of Rs. 5,860 on bank FDRs on 24.04.2022 and interest of Rs. 6,786 (net) from the debentures of Indian companies on 05.05.2022.

Made payment by cheque of Rs.15,370 towards premium on life insurance policies and Rs. 22,500 for mediclaim insurance policy for self and spouse.

Invested in NSC Rs.30,000 and in FDR of SBI for 5 years Rs. 50,000.

Donation of Rs.11,000 to an institution approved u/s 80G and Rs. 5,100 to Prime Minister's National Relief Fund were given during the year by way of cheque.

Compute the total income and tax payable thereon for the A.Y. 2023-24. Assume Mr. William does not opt for section 115 BAC.

(2 × 5 = 10)

