

26. Shri Radhey Lal, the proprietor of a flour mill, has prepared the following Profit & Loss Account for the year ending 31st March, 2021. You are required to compute his income from business and his gross total income for the Assessment Year 2021-22:

Profit & Loss Account

Particulars	Rs.	Particulars	Rs.
Trade expenses	450	Gross Profit	2,200
Establishment Charges	2,200	Dividends from a Co-operative Society	2,600
Rent, Rates and Taxes	1,400	Rent from Property	500
Discount and allowances	200	Bad debts recovered (Allowed as a deduction in a earlier year)	2,000
Income tax	700		
Interest	1,450		
Postage charges	100		
Gifts and Presents for publicity	125		
Fire insurance Premium	250		
Charities	375		
Donations	400		
Repairs and renewals	250		
Audit fees	250		
Net profit transferred to capital Account	2,32,850		
	2,41,000		2,41,000

27. Explain any ten exempted incomes.

(2 × 10 = 20 Marks)

(4)

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(Pages: 4)

Name:

Reg. No:

FIFTH SEMESTER B.Com. DEGREE EXAMINATION, NOVEMBER 2021

(CBCSS - UG)

CC19U BCM5 B09 - INCOME TAX LAW AND ACCOUNTS

(Commerce - Core Course)

(2019 Admission - Regular)

Time: 2.5 Hours

Maximum: 80 Marks

Credit: 4

Part A (Short answer questions)

Answer *all* questions. Each question carries 2 marks.

1. Define Casual income.
2. Define the term assessment year.
3. Explain taxability of an Individual to different residential status, if the income is received outside India from a business controlled from outside India.
4. What is tax-free salary?
5. Explain the items considered in salary used for the computation of HRA
6. What is public provident fund?
7. How is exemption given on gratuity/s 10(10)?
8. What is Fair Rental Value?
9. What is the annual value of self occupied property?
10. List out any four incomes, which are chargeable under the head Income from Business?
11. What is the deduction available from business income towards the acquisition of technical know-how?
12. What is block of assets?
13. What is long term capital asset?
14. How is cost of acquisition of right issue is determined?
15. What do you mean by grossing up of interest on securities?

(Ceiling: 25 Marks)

Part B (Paragraph questions)

Answer *all* questions. Each question carries 5 marks.

16. Differentiate between gross total income and total income.
17. Mr. John, a foreign player, comes to India since 2006-07 every year to play cricket and stays here for 120 days. State his residential status for the Assessment Year 2020-21.
18. What is meant by perquisites? Give five examples of tax-free perquisites?

(1)

Turn Over

19. What is vacancy allowance?

20. M. started the construction of his house on 1.6.2013 and for this, he took a loan of Rs.2,00,000 @ 13.5% from Bank. He took another loan of Rs.6,00,000 @ 13% p.a. on 1.4.2016 to complete the house. The construction was completed on 30.11.2016 and was self-occupied from 1.12.2016. Compute his income under the head house property for the Assessment Year 2021-22.

21. The Net profit of Mr. Sulaiman as per his Profit and Loss Account after charging the following items was Rs. 3,40,000:

	Rs.
(a) Interest on capital	20,000
(b) Salary to staff	1,16,000
(c) Office expenses	3,000
(d) Bad debts written-off	13,000
(e) Provisions for bad debts	10,000
(f) Provisions for income-tax	16,000
(g) Donation	10,000
(h) Depreciation	17,000

Depreciation allowable as per the Act is only Rs.12,000.

Compute income from the business.

22. In the following cases determine the taxable capital gains u/s 54:

- (i) Indexed cost of residential house: Rs. 2.5 Crore
- (ii) House sold in P. Y. 2020-21: Rs.4.5 Crore
- (iii) Two New residential houses purchased in P. Y. 2020-21 cost 0.75 Crore each

23. Mr. Akalank gets following gifts in July (Previous year 2020-21). State its taxability under each situation for the Assessment Year 2021-22:

- (i) Gift of Rs.50,000 from his friend.
- (ii) Gift of jewellery worth Rs.2,00,000 from his finance.
- (iii) Gift of Rs.21,000 each from his two friends on his marriage.
- (iv) Gift of Rs.68,000 from his father's brother.
- (v) Gift of Rs.35,000 from his wife's friend on the occasion of marriage.
- (vi) Gift of Rs.26,000 from his brother's father-in-law.
- (vii) Gift of Rs.41,000 from his friend.

(Ceiling: 35 Marks)

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Part C (Essay questions)

Answer any *two* questions. Each question carries 10 marks.

24. From the following particulars compute the taxable income under the head 'Salaries' of Shri Ramanlal for the Assessment Year 2021-22:

He is employed in the textile industry in Mumbai on a monthly salary of ₹ 60,000. In addition, he is entitled to 1% commission on sales achieved through him, which amounted to ₹ 10,00,000 for the previous year.

He received the following allowances and amenities from the employer during the previous year:

Dearness allowance of ₹ 10,000 p.m. which is granted under terms of employment and counted for retirement benefits.

Bonus ₹ 32,000.

House rent allowance @ ₹ 10,000 p.m.

Entertainment allowance at ₹ 1,000 p.m.

The employer paid ₹ 1,000 income tax on perquisites.

He had been provided with the amenities of gas, electricity and water, the expenses of which amounting to ₹ 50,000 were paid by the employer.

He and his employer each contributed 14.5% of his salary to a Recognized Provident Fund.

The interest credited to this fund for the previous year at 9.5% rate of interest amounted to ₹ 9,800.

He spent ₹ 14,000 per month as the rent of the house occupied by him in Mumbai

25. Shri D purchased jewellery worth Rs.1,13,000 during the year 2004-05. During the year 2010-11, he further purchased jewellery worth Rs.83,500. All the jewellery was sold by him on 15.05.2020. The jewellery purchased in 2004-05 was sold for Rs.6,00,000 and that purchased in 2010-11 was sold for Rs.6,10,000.

The expenses of transfer of jewellery were 1% of the sale price. He purchased a plot of land for Rs.3,15,000 on 04.01.2021 for construction of the residential house. On 15.06.2021 he deposited Rs.5,00,000 in the Capital Gains Account Scheme and a further sum of Rs.2,00,000 as on 15.11.2020.

He owns only one residential house as on 15.05.2020.

Compute the taxable capital gains for the Assessment Year 2021-22. Cost inflation index for 2020-21: 301, for 2004-05: 113 and for 2010-11: 167.

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Turn Over