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NA—139—2022

FACULTY OF COMMERCE

B.Com. (First Year) (First Semester) EXAMINATION

MAY/JUNE, 2022

(New Course)

TAX PROCEDURE AND PRACTICE

Paper (UGCVC-TPP-II)/BC-1.5.5

(Indian Tax System and Income Tax Law-I)

(Theory Pattern)

(Thursday, 16-6-2022)

Time : 9.30 a.m. to 1.15 p.m.

Time— 3.45 Hours

Maximum Marks—75

N.B. :— (i) All questions are compulsory.

(ii) Figures to the right indicate full marks.

1. The following particulars relate to the income of Shri Pavan Sharma for the previous year 2020-21 : He is employed in a cotton Textile Mill at Bangalore on monthly salary of 25,000. He is also entitled to a commission @ 1% of sales effected by him. The sale effected by him during the previous year amounted to 40,00,000. He received the following allowances and perquisites during the previous year :

- (i) Dearness allowance @ 6,000 per month.
- (ii) Bonus @ two months basic salary.
- (iii) Entertainment allowance @ 2,000 per month
- (iv) House rent allowance @ 5,000 per month
- (v) The employer paid 10,000 towards as incentive
- (vi) The employer provided him Laptop cost of Rs. 50,000
- (vii) He has also been provided with gas, electricity and water facility and employer spent 15,000 on these.

P.T.O.

- (viii) The employer gave him cotton worth 1,000 free of cost.
- (ix) He and his employer both contributed 15% of his salary to his Recognized Provident Fund and Interest credited to this fund @ 9% amounted to 30,000 during the previous year.
- (x) He spent 6,000 per month as rent of the house occupied by him in Bangalore. Compute his taxable income under the head 'Salaries' for the Assessment Year 2021-22.

2. Shri Vishnu Prasad has a house property let-out for residential purposes. The following are the details of the property let-out : 15

Municipal rent value Rs. 8,500 p.m.

Actual rent realized Rs. 9,000 p.m.

Rent payable under Rent Control Act Rs. 8,500 per month.

The Rent payable for a similar house is Rs. 9,000 p.m. He has paid 15% of municipal valuation as local taxes, the construction of property began in Sept. 2018 and completed in February 2020.

He had borrowed loan for the construction of the house property, on which he has paid Rs. 2,00,000 a interest up to 31.3.2020. And Rs. 50,000 as interest during the previous year. Fire insurance premium paid Rs. 2,000 p.a.

Compute the income from house property for the assessment year 2021-22.

Or

Mr. Shyam purchased a residential house in the year 1976 for Rs. 1,40,000. He spent the following amount on the improvement to the house : 15

- (a) Renovation to the house in 1979 Rs. 60,000.
- (b) Adding two bathrooms at the cost of Rs. 2,000 in 2010.
- (c) Cost of 1st floor constructed 2011-12 Rs. 1,72,000.
- (d) Fair market value of the house on 1st April, 2001 Rs. 22,000.

He sold the above house in the year 2020-21 at Rs. 41,00,000 the selling expenses incurred Rs. 20,000 in the same year he has purchases one small house of this residential at Rs. 5,00,000.

The cost inflation index for the year

2001-2002	100
2011-12	184
2020-21	301

Compute his income from capital gain for the assessment year 2021-22.

3. Mr. Ramamoorthy, an employee of M/s. Gopal Krishnan & Co. of Chennai receives during PY end March 31, 2021 the following payments : 15

Basic Salary	40,000
Dearness Allowance	3,000
Leave Salary	5,400
Professional tax paid by employer	1,000
Fair rent of the flat provided by employer	6,000
Rent paid for furniture	1,000
Rent recovered by employer	3,000
Contribution to Statutory Provident Fund	4,000
Employer's contribution to Statutory Provident Found	4,000

Compute his taxable income for the assessment year 2021-22. Assuming assessee has not opted section 115BAC compute tax payable.

Or

Mr. Mahesh is working in a company and getting 20,000 p.m. as salary. He is getting following allowances per annum and perks.

1. Travelling allowance 7,000 p.m. but actual expenditure 5,000 for official.

P.T.O.

2. Travelling allowance for personal travelling 2,000.
 3. Daily allowance 2,000 expenses on this A/c 1,500.
 4. Conveyance allowance 9,000 actual expenditure 7,500.
 5. Helper Allowance 4,000 actual expenditure 3,500.
 6. Academic allowance 2,000 actual expenditure 1,500.
 7. Uniform allowance 2,700 actual expenditure 2,500.
 8. The company has provided in the office amenity of free lunch which cost 70 per day.
 9. The company has provided in the office free refreshment which cost 25 per day.
 10. He has also been provided by the company with facility of free use of water and light for which company paid 10,000 during the previous year.
 11. He has been provided with the facility of a sweeper and a cook who are paid salary by the company @ 200 p.m. and 100 p.m. respectively. Compute income from salary for the AY 2021-22.
4. Mr. Mahesh purchased an art piece of Mogul's period for Rs. 4,00,000 on 5th Jul., 1978 and Rs. 1,00,000 is spent for glass frame and illumination with electric light in October 2010. He sold the asset for Rs. 1,60,00,000 during the previous year. If selling expenses are 2,50,000. 15

Calculate capital gain for the current assessment year cost inflation index.

2001-02	100
2010-11	167
2020-21	301

Or

Smt. Shanti Devi has a house property in Kolkata. The Municipal Valuation for the same is Rs. 10,00,000. The Fair Rental for the property is 7,50,000. The Standard Rent as per the Rent Control Act is 8,00,000. She let out the property until 30th Nov., 20 for a monthly rent of 75,000 per month Thereafter, the tenant vacated the property and she used the house for self occupation Rent for the months of Oct., and Nov., 20 couldn't be realized despite all efforts, and all the conditions for unrealized rent were satisfied. She paid Municipal Taxes @ 12% during the year. She also paid interest of 25,000 during the year for amount borrowed for repairs.

Compute the income from House Property for AY 21-22.

5. Solve any *two* : 10
- (a) Compute tax liability of Mr. Ram when his Income for PY 20-21 is Rs. 54,80,000 (Assuming Assessee has not opted section 115BAC)
 - (b) Compute Tax liability of Mr. Tanay when his Income for PY 20-21 is Rs. 16,90,000 (Assuming assessee has opted section 115BAC)
 - (c) Compute Tax liability of Mr. Umesh when his Agriculture-Income for PY 20-21 is Rs. 4,80,000 and Non-Agriculture income is Rs. 1,58,900.
 - (d) Define Person, Income and give tax rates for company.