

This question paper contains 4+2 printed pages]

NA—151—2022

FACULTY OF COMMERCE

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

MAY/JUNE, 2022

(New Course)

TAX PROCEDURE AND PRACTICE

Paper (UGCVC-TPP-IV)-BC-2.5.5

(Indian Tax System and Income Tax Law—II)

(Friday, 17-6-2022)

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. Shri Vishnu is the owner of a business. From the following Profit and Loss Account compute income under the head “Profit and Gain of Business”. 20

Profit and Loss Account for the ending 31st March, 2021

Particulars	Amount	Particulars	Amount
To Salaries	33,000	By Gross Profit	4,05,000
To Proprietor's salary	10,000	By Rent	50,000
To Taxes and Insurance	5,200	By Interest on Bank deposits	10,000
To Advertisement	55,000	By bad debts recovered (out of this Rs. 3,000 is disallowed earlier)	5,000
To Lighting	11,100	By export incentive received	37,500
To Penalty for Breach of Contract	7,500		

P.T.O.

WT

(2)

NA—151—2022

To Life Insurance Premium	3,200	
To Bad debts	2,500	
To Provision for doubtful debts	3,000	
To interest on loan	16,000	
To interest on capital	8,000	
To Penalties for violation of sales tax provision	5,000	
To Depreciation	18,000	
To Net profit	3,30,000	
	5,07,500	5,07,500

Additional Informations :

- (1) Depreciation allowed as per I.T. Act is Rs. 15,300.
- (2) Advertisement expenses includes Rs. 25,000 paid in cash on the last day of the accounting year.
- (3) The Assessing Officer found a valuable item of gold worth Rs. 1,00,000 at the residence of the assesses and explanation for source of funding is not satisfactory.
- (4) For achieving the sales target he received a motor cycle worth Rs. 45,000 as a gift from a supplier.
- (5) Electricity exp. Rs. 5,000 allowed but not recorded.
- (6) Interest on loan includes Rs. 3,000 interest on loan taken from wife out of her 'Stridhan'.

2. Discuss advantages and disadvantages of Direct Tax. 15

Or

Discuss advantages and disadvantages of Indirect Tax.

3. Dr. Pavan is Medical Practitioner. He gives you the following summary of cash book for the year ending 31-3-2021. : 15

Receipt	Rs.	Payment	Rs.
To Balance	10,000	By Rent of Clinic	18,000
To Consultation fee	60,000	By Purchases of Medicines	38,000
To Visiting fee	45,000	By staff salaries	24,000
To Gifts and Presents	8,000	By Surgical equipments	40,000
To Sale of Medicine	42,000	By Motor car expenses	8,000
To Dividend from UTI	6,000	By Purchase of motor car	1,40,000
To Life Insurance Maturity	1,00,000	By Household expenses	7,000
To Interest from National Savings Certificates	6,000	By Balance	2,000
	2,77,000		2,77,000

Other Informations :

- (i) 50% of the motor car expenses incurred on connection with profession. Car was purchased in December 2019.
- (ii) Household expenses include Rs. 6,800 for life insurance premium.
- (iii) Gifts and presents include of Rs. 3,000 from relations.
- (iv) Closing stock of medicine Rs. 12,000 and on 1-4-2020, opening stock was Rs. 4,000.

Compute his professional gain for the Assessment Year 2021-22.

P.T.O.

Or

Mr. Mayur is a practicing Chartered Accountant. He maintains his accounts on cash basis. The following is the Receipts and Payments A/c for the year ended 31st March, 2021 :

Receipts	Amt.	Payments	Amt.
Balance b/d	9,300	Office Rent	52,400
Audit fees	5,64,700	Salary of audit clerk	24,800
Income from other		Allowance of articled clerk	1,800
accounting work	1,56,800	Salaries	32,400
Fees for conducting		Municipal tax	400
Income Tax appeal	8,100	Personal expenses	1,53,500
Examiner fees from		Membership fees	1,100
University	600	Life Insurance Premium	1,500
Dividend	7,840	Income Tax	52,500
Rent from property	4,000	Motor-car Purchased	2,09,000
		Expenses of Motor-car	600
		Insurance of House Property	300
		Balance c/d	2,21,040
	<u>7,51,340</u>		<u>7,51,340</u>

Having regarded to the fact that one-third of motor-car expenses is in respect of his professional practice. Compute professional income of Mr. Harish.

Assuming rate of depreciation of car @ 15%.

4. Mr. Rajvardhan is a MP (Member of Parliament) of Gwalior; he was providing Information of Income of the P.Y. 2020-21 : 15

1. Daily allowance from Parliament for attending various station Rs. 1,20,000.
 2. Remuneration from Government of India Rs. 4,00,000.
 3. Interest from Reliance Industries 50,000.
 4. Dividend from city bank Rs. 10,000.
 5. Rent from open plot Rs. 5,000 per month.
 6. Interest on Saving Bank A/c Rs. 8,000
 7. Interest on investment Rs. 15,000.
 8. Interest on post office saving bank is Rs. 5,000.
 9. Agricultural Income from Canada Rs. 30,000.
 10. Rent received from letting of Plant & Machinery Rs. 10,000 p.m.
- Compute income from other sources for the A.Y. 2021-22.

Or

Mr. Ajay provides information of income for the A.Y. 2021-22 :

1. Dividend from TATA Steal Rs. 25,000.
2. Dividend from McDonald Rs. 50,000.
3. Interest on Government Securities Rs. 50,000.
4. Agriculture income from Pathankot Rs. 40,000.
5. Agriculture income from Budapest Rs. 1,00,000.
6. Interest on Debenture Rs. 2,70,000 (Net) Subject to 10% tax
7. He was received royalty of Rs. 5,000 per quarter.
8. Winning from puzzle Rs. 70,000 (Net)

P.T.O.

9. Interest on Saving Bank A/c Rs. 12,000.
10. He was incurred the following expenses earning the above income.
 - (a) Interest collection charges Rs. 2,000.
 - (b) Legal expenses Rs. 1,000

Compute income for other sources for the A.Y. 2021-22.

5. Solve any *two* : 10
 - (a) U/s 80 C
 - (b) Compute Tax Liability of Mr. Sandesh whose income is Rs. 52,00,000
 - (c) Types of tax and explain in brief.
 - (d) Compute tax liability of Mr. Sanket whose income is Rs. 1,52,00,000 by new regime.