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NA—130—2022

FACULTY OF COMMERCE

B.Com. (Third Year) (Fifth Semester) EXAMINATION

MAY/JUNE, 2022

(New Course)

(CBCS Pattern)

INCOME TAX PROCEDURE AND PRACTICE

Paper (UGCVC-TPP-IX)-BC-5.4C

(Tax Procedure & Practice)

(Wednesday, 15-6-2022)

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. Dr. Verma is a teacher. The following informations relate for the Assessment Year 2020-21 : 20

- (i) Basic salary @ ₹ 12,000 p.m.
- (ii) DA 45% of salary.
- (iii) Wardenship allowance @ ₹ 400 p.m.
- (iv) Examinership remuneration ₹ 50,000.
- (v) Royalty from books for schools (Computed) ₹ 22,500.
- (vi) Interest on Govt. Securities ₹ 5,000.
- (vii) Interest on tax-free Debentures ₹ 3,000.
- (viii) Dividend on shares of a foreign Co. ₹ 2,500.
- (ix) Income from house property ₹ 1,10,000 (computed).
- (x) Contribution to statutory P.F. ₹ 5,000.

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- (xi) Contribution to PPF ₹ 12,000.
- (xii) Premium paid by cheque on Medical Insurance Policy on health of dependent father ₹ 3,000.
- (xiii) Donation to an approved charitable institution ₹ 10,000 by cheque.
- (xiv) Business income ₹ 5,00,000 and Business Loss ₹ 1,50,000.
- (xv) LTCG ₹ 15,00,000.

Compute his total income.

2. 'A' is the Karta of a HUF, 'B' and 'C' are his major sons and co-partners in the HUF. 15

From the following informations compute total income and tax liability of the HUF for the Assessment Year 2020-21 :

- (i) The HUF is carrying on cloth business. 'B' and 'C' actively participate in this business for which they are paid a salary of ₹ 10,000 p.m. each. Profit of the business after deduction of their salary comes to ₹ 6,30,000.
- (ii) Other Business Income ₹ 6,80,000.
- (iii) Lottery income ₹ 30,000.
- (iv) The HUF own shares of a company of ₹ 2,50,000. The Karta of the family receives a remuneration of ₹ 15,000 as director of this company.
- (v) The family earned a dividend of ₹ 8,000 from an Indian company.
- (vi) A shop purchased in 1990 was sold on 31.12.2020 for ₹ 8,00,000. The fair market value of the shop as on 1.4.2001 was ₹ 4,00,000.
- (vii) The family paid ₹ 10,000 and ₹ 15,000 premium on life policies of B and C respectively.
- (viii) Major son of the Karta is manager in a private company from which he receives an annual salary of ₹ 4,50,000.

Or

Explain the provision of Advance Tax and compute the Advance Tax Liability of estimated Income of ₹ 15,80,000.

3. The net profit of a company is ₹ 15 lakh. The following information relevant for the purpose of computing its assessable income has been extracted from a Scrutiny of Statement of Profit & Loss : 15

- (1) STCG ₹ 85,000.
- (2) Long-term capital gains ₹ 3,00,000.
- (3) Depreciation relating to 2019-20 brought forward ₹ 10,00,000.
- (4) Business loss relating to 2019-20 brought forward ₹ 12,00,000.
- (5) Current year's depreciation ₹ 10,00,000.
- (6) Penalty for infraction of law ₹ 1,00,000.
- (7) Provision of value added tax ₹ 3,00,000.
- (8) Dividend proposed ₹ 2,00,000.
- (9) Profit from a new industrial undertaking ₹ 17,00,000.

Compute Total Income and Tax Liability of Company.

Or

Explain the concept of TDS and explain briefly TDS on Salary, TDS on interest other than Securities, TDS on Rent, TDS on Contractor.

4. Amit, Rohit and Shobhit are equal partners in a firm. The Profit & Loss Account of the firm for the year ended 31st March, 2021 is given below : 15

	₹		₹
Trade expenses	36,000	Gross Profit	1,80,000
Provision for Bad debts	4,600	Commission	10,000
Salaries	14,000	Interest on Govt. Securities	6,000

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Postage	1,400	Dividend	12,000
Repairs	4,000	Long-term Capital Gains	4,000
Depreciation	6,000		
Rent of Building paid to Amit	20,000		
Donations	8,000		
Interest on capital @ 12%			
Amit 16,000			
Rohit 14,000			
Shobhit <u>10,000</u>	40,000		
Net Profit	78,000		
	<u>2,12,000</u>		<u>2,12,000</u>

The following additional information is available :

- Amit is the owner of the business house.
- Trade expenses include ₹ 6,400 for a newly purchased typewriter for office use.
- Donations are given to an approved institution.
- Furniture was purchased in 2019-20 for ₹ 40,000. The rate of depreciation allowed is 10%. There is no other depreciable asset in the business.

Compute the total income of the firm for the Assessment Year 2021-22 assuming that no partner is active partner in the firm.

Or

Explain the provision of set-off and carry forward of Income Tax Act, 1961.

5. Solve any *two* :

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- (a) Compute tax liability of Mr. K whose income for the AY 2021-22 is ₹ 2.5 crore.
- (b) Explain Deductions under Section 80C, 80D, 80DD
- (c) Tax Rates in respect of individual's old and new regime.
- (d) Tax Rates in respect of firms and companies and also compute tax liability of ABC Limited of income ₹ 1.5 crore.