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LA—99—2023
FACULTY OF COMMERCE
B.Com. (Third Year) (Fifth Semester) EXAMINATION
NOVEMBER/DECEMBER, 2023
(New Pattern)

INCOME TAX LAW AND PRACTICE

Paper BC-5.4A

(Taxation)

(Tuesday, 12-12-2023)

Time : 10.00 a.m. to 1.00 p.m.

Time—Three Hours

Maximum Marks—75

N.B. :- (i) Q. No. 1 is compulsory.

(ii) Figures to the right indicate full marks.

(iii) Use of simple non-programmable calculator is allowed.

1. The following are the incomes of Ujala Co-operative Society for the year ended on March 31, 2022. Compute its taxable total income for the assessment year 2022-23 :

| | Rs. |
|---|------------|
| 1. Dividend received from other Co-operative Society | 1,000 |
| 2. Income from credit facilities to members | 1,000 |
| 3. Income from a cottage industry | 2,400 |
| 4. Income from cycle business | 1,200 |
| 5. Interest from another Co-operative Society (Gross) | 1,500 |
| 6. Income from collective disposal of labour of members | 2,400 |

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| | | |
|-----|--|-------|
| 7. | Income from fishing and allied activities | 2,500 |
| 8. | Interest on securities | 2,000 |
| 9. | Income from house property | 3,000 |
| 10. | Income from the processing, without the aid of power | 2,500 |

2. Mr. Bharat who is a disabled person of 82 years has furnished the following details regarding deductions u/s 80 for the assessment year 2022-23. Compute the qualifying amount u/s 80. 15

- (a) LIC premium paid on wife's life (Policy was taken on 01.05.2012, sum assured Rs. 2,00,000) Rs. 25,000.
- (b) LIC premium paid on own life (Policy was taken on 04.07.2014, sum assured Rs. 1,50,000) Rs. 22,000.
- (c) Repayment of home loan taken from LIC Rs. 50,000 (including interest of Rs. 30,000)
- (d) Tuition fee paid for four children Rs. 76,000.
- (e) LIC premium paid on the life of married daughter Rs. 15,000.
- (f) Contribution to PPF Rs. 20,000.
- (g) Purchase of NSC IX issue Rs. 13,000.
- (h) Health insurance premium paid on mother's life by cheque Rs. 44,000.
- (i) Mr. Bharat's sister is a severely disabled person and she is dependent on Mr. Bharat for her livelihood.
- (j) Interest paid on loan taken for higher education of his son Rs. 10,000.

Or

Write in detail about the deductions allowable u/s 80C.

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3. A, B and C are members of AOP sharing profits equally. The following is the Profit & Loss account : 15

| Particulars | Amount | Particulars | Amount |
|--------------------------|---------------|---------------------------|---------------|
| To Sundry Expenses | 44,000 | By Gross Profit | 56,000 |
| To Office Expenses | 6,000 | By Interest on securities | 6,000 |
| To Rent | 2,000 | By net loss : | 30,000 |
| To Commission to B | 4,000 | A 10,000 | |
| To Salary to A | 12,000 | B 10,000 | |
| To Charity | 2,000 | C 10,000 | |
| To Advt. expenses | 4,000 | | |
| To Interest on Capital : | | | |
| A | 6,000 | | |
| B | 6,000 | | |
| C | 6,000 | | |
| | 92,000 | | 92,000 |

Compute the total income of the AOP.

Or

Define Association of Persons and Body of Individuals. State the difference between AOP and BOI.

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4. X, Y & Z are equal partners in a firm with X being a non-working partner. The profit and loss account for the year ended 31st March, 2022 is as under :

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| Particulars | Amount | Particulars | Amount |
|--------------------------|-----------------|------------------------|-----------------|
| To Rent | 20,000 | By Gross Profit b/d | 4,05,000 |
| To Office Expenses | 25,000 | By Discount | 10,000 |
| To Salaries | 1,00,000 | By Bad Debts Recovered | 2,000 |
| To Advertisement | 15,000 | By Bank Interest | 3,000 |
| To Value Added Tax | 30,000 | | |
| To Charity & Donations | 5,000 | | |
| To Bad Debts Reserve | 10,000 | | |
| To Sundry Expenses | 20,000 | | |
| To Bad Debts | 15,000 | | |
| To Depreciation | 25,000 | | |
| To Interest on Capital : | | | |
| X | 50,000 | | |
| Y | 25,000 | | |
| Z | 25,000 | | |
| To Commission : | | | |
| X | 15,000 | | |
| Y | 10,000 | | |
| Z | 5,000 | | |
| To Net Profit | 25,000 | | |
| | 4,20,000 | | 4,20,000 |

Adjustments :

1. Salaries include partner's salaries—Y Rs. 15,000, Z Rs. 10,000.
2. Bad debts admissible by the Department Rs. 12,500.
3. Furniture purchased by X for personal use of Rs. 10,000 has been debited to sundry expenses.
4. Donation includes donation to a local school Rs. 3,500, to a club Rs. 1,000 and to trade association Rs. 500 in cash.
5. Capital Account of the partners at the beginning of the previous year as on 1.4.2021 were as follows :

X—2,00,000

Y—1,00,000

Z—1,00,000

6. Office expenses include bonus to partners :

X—1,000

Y—2,500

Z—1,500

Compute the profit from the business and total income of the firm for the relevant assessment year. The firm does not fulfil the conditions of section 184.

Or

Write a detailed note on the computation of Book Profit.

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5. Write short notes on any *two* of the following :

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- (i) TDS on Rent
- (ii) TDS on Commission
- (iii) Sec. 192
- (iv) Sec. 194A.

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