



K23P 1443

Reg. No. :

Name :

III Semester M.Com. Degree (C.B.S.S. – Reg./Supple./Imp.)
Examination, October 2023
(2020 Admission Onwards)
COM3C13 : INCOME TAX LAW AND PRACTICE

Time : 3 Hours

Max. Marks : 60

SECTION – A

Answer **any four** questions in this Section. **Each** question carries **1** mark for Part (a), **3** marks for Part (b) and **5** marks for Part (c).

1. a) What is Maximum Marginal Rate ?
b) What is indexing and its relevance in Capital Gain ?
c) Shri Mahesh, who was born and brought up in India, went for further studies to U.K. on 1st March, 2020 and came back to India on 1st October, 2020 early in the morning. Find out his residential status for the Assessment Year 2022-23.
2. a) What is National Pension Scheme ?
b) Explain the tax implication of RPF.
c) Mr. Shyam a resident of Agra receives Rs. 1,92,000 as basic salary during the year 2021-22. In addition, he gets Rs.19,200 per annum as dearness allowance forming part of pay, 4% commission on sales (Rs. 1,00,000) made by him and Rs. 24,000 per annum as house rent allowance. He pays Rs. 21,500 per annum as rent. Compute the taxable house rent allowance.
3. a) Describe 'Standard Rent'.
b) Determine the annual value of the house if half of the house is let out for Rs. 7,500 p.m. and half of the house is self occupied. Municipal value of the house is Rs. 1,50,000 on which tax is paid @ 20%.
c) Determine the annual value of the house if MRV is Rs. 80,000, FRV is Rs. 1,20,000 and Standard Rent is Rs. 1,00,000. The house was self-occupied for four months and let out @ Rs. 10,000 p.m. Municipal tax paid is Rs. 20,000; half of which is paid by the tenant.

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4. a) Explain the tax treatment of 'Patent' under the head 'Business or Profession'.
b) Discuss the conditions laid down for the allowance of bad debts.
c) Ascertain the depreciation admissible of the building, in respect of the previous year relevant to the AY 2022-23, if the WDV at the beginning of the year is Rs. 10,00,000 with an addition of Rs. 3,00,000 and Sales during the year is marked as Rs. 2,00,000.
5. a) Explain bond washing transactions.
b) Ms. Nisha Kartha received in cash the following income as interest on securities during the previous year ending 31st March 2022:
– Rs. 8,000 as interest on Government securities.
– Rs. 7,400 as interest on debentures issued by local authority.
– Rs. 7,400 as interest on tax free debentures of Nilkin Ltd. (not listed on any stock exchange)
Determine the interest on securities under the head 'Income from Other Sources' for the AY 2022-23, assuming that the interest is paid in each case on 30th June and 31st December.
c) Mr. A purchased a house property in 2001-02 for Rs. 4,50,000 and sold in November 2021 for Rs. 42,00,000. He purchased another residential house in September 2021 for Rs. 16,00,000 and invested Rs. 10,00,000 in bond of NHA of India u/s 54EC in January 2022. The CII in 2001-02 was 100 and for 2021-22 it was 317. Compute the amount of capital gain to be included in the total income for the AY 2022-23.
6. a) Describe 'Clubbing of Income'.
b) Compute Total Income of Mr. Pradeep for the AY 2022-23 with the following given information. Salary received – Rs. 2,45,000; Rent from a building @ Rs. 10,000 p.m and House tax paid Rs. 24,000.
c) Compute the Total Income of Mr. Ajith for the AY 2022-23 with the following information. Salary of Mr. Ajith, a disabled is Rs. 4,90,000; He deposited Rs. 20,000 in URPF; He paid life insurance premium of Rs. 45,000 on a policy (issued on 15.6.2014) of Rs. 4,00,000 and he donated Rs. 20,000 to National Children's Fund by cheque.

(4×9=36)



SECTION – B

Answer **two** questions in this Section. **Each** question carries **12** marks.

7. a) Explain the determination of Annual Value of Self Occupied House Property.
OR

b) Following is the profit and loss account of Chandran for the year ending 31.3.2022.

Particulars	Amount Rs.	Particulars	Amount Rs.
Salaries	3,30,000	Gross profit	7,50,000
Office expenses	36,000	Bad debts recovered	20,000
Depreciation	28,000	Dividends	12,000
GST	18,000	Rent from House Property	18,000
Legal expenses	16,000		
Income Tax	14,000		
Expense on acquisition of patent	24,000		
Donation in cash	4,000		
Repairs	12,000		
Provision for bad debts	6,000		
General expenses	24,000		
Net profit	2,88,000		
	8,00,000		8,00,000

Additional information :

- Salaries include Rs.12,000 paid to workers employed at home.
- Legal expenses include Rs. 2,000 paid to the lawyer in connection with personal case.
- General expenses include Rs. 8,000 as contribution to Staff Welfare Fund.
- Out of bad debts recovered only Rs. 10,000 were allowed as deduction earlier.

Calculate the income of Chandran from the business for the Assessment Year 2022-23.



8. a) Explain the provisions relating with inter head and intra head set off of losses.

OR

b) Mr. Hiran is a Government employee working in Ernakulam. He gives the following details. Compute the total income of Mr. Hiran for the AY 2022-23.

- Salary - Rs. 1,00,000 per month
- Leave surrendered - Rs. 74,000
- Entertainment allowance for 8 months - Rs. 8,000
- Life insurance premium deducted from salary - Rs. 4,000 per month
- House rent allowance - Rs. 1,000 per month
- He has been provided a small car for his official purpose. Running expenses of the car paid by the Government amounted to Rs. 5,000 per month, including driver's salary.
- Interest on savings account with a co-operative bank - Rs. 4,000
- Interest on National Plan Certificates - Rs. 2,000
- He has a house, which has been occupied by his brother-in-law free of rent. The annual letting value of the house according to municipal valuation is Rs. 40,000. He paid Municipal tax Rs. 1,000 and Professional tax Rs. 3,000 during the year.

(2×12=24)

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