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M.Com. (Part-I)

ADVANCED ACCOUNTING AND TAXATION

104 : Income Tax (Group-A)

(CBCS 2019 Pattern) (Semester-I) (Special Paper-II)

Time : 3 Hours]

[Max. Marks : 60

Instruction to the candidates:

- 1) Q. 1 is compulsory Solve any Three questions from Q.2 to Q.6.
- 2) Questions 2 to 6 carry equal marks.
- 3) Read all the questions very carefully before attempting the same.
- 4) Use of calculator is allowed.

Q1) A) Fill in the Blanks.

[5]

- i) Under Income Tax Act, the income liable for for tax is classified as \_\_\_\_\_
  - a) Income from Salaries, Business or profession, Capital Gain
  - b) Income from House Property and other sources
  - c) Agricultural Income
  - d) Both (a) and (b)
- ii) The term income in the Income Tax 1961, is defined under section\_\_\_\_\_
  - a) (Section 2 (24)
  - b) (Section 2 (25)
  - c) (Section 2 (31)
  - d) (Section 2 (20)
- iii) In Income tax Act. 1961, the total income is computed under\_\_\_\_\_heads of income sources.
  - a) One
  - b) Five
  - c) Three
  - d) Six

P.T.O.

- iv) The sum of various heads of Income is called as \_\_\_\_\_
- a) Taxable income                      b) Total income
- c) Gross total income                  d) Adjusted income
- v) The agricultural income includes \_\_\_\_\_
- a) Income from sale of crop
- b) Income form preparation of crop
- c) Income from nursery
- d) All of the above

B) State the following Statements are True or False. [5]

- i) Assessee is always a person but a person may or may not be an Assessee.
- ii) Under section 16(i), maximum amount of standard deduction is Rs.50,000 for the A.Y. 2022-23.
- iii) An Individual Assessee can also be a member of HUF, and his share of Income from HUF is not taxable.
- iv) The term Assessee” is defined under section Sec 2 (7) under Income Tax Act.
- v) Net Taxable Income under Income Tax Act is Gross Taxable Income minus Deductions under Sec 80C to Sec 80U under chapter VIA.

C) Match the following pairs. [5×1=5]

- | Group-A  | Group-B                          |
|--|----------------------------------|
| i) An Assessee for HUF                                   | a) Central Board of Direct Taxes |
| ii) Hostel expenditure allowance exemption ceiling limit | b) SAHAJ                         |
| iii) ITR-1 form  | c) Rs. 300/- per month per child |
| iv) CBDT stands  | d) Karta                         |
| v) Employer’s contribution of RPF                        | e) Exempted up to 12% of Salary  |

**Q2) Short Notes: (Any Three)**

**[15]**

- a) Agricultural Income
- b) Deductions U/S 80 C
- c) Concept of 'Assesse' as per IT Act
- d) Residential Status of an Individual
- e) Incomes from Other Sources

**Q3) Mr. Atish is a manager of a Multinational Company at Delhi. He has submitted the following particulars of his salary income for the financial year 2021-22.[15]**

- a) Basic Salary 4,20,000 (Annual)
- b) D.A. 24,000 PM (10,000 p.m. enters into retirement benefits)
- c) Education Allowance for two children 1,300 p.m. per child and hostel allowance for elder son 1,450 p.m.
- d) Commission on sales 40,000
- e) Entertainment Allowance 800 p.m.
- f) Travelling Allowance for his official tours 80,000 (Actual tour expenditure on tour is 54,000)
- g) He was given cloth worth 4,000 by his employer free of cost.
- h) He resides in the bungalow of the company. He pays 51,000 p.a. rent for the house.  
  
A watchman and a cook have been provided by the company who were paid 1,400 p.m. each.
- i) He has been provided with a motor car of 1,800 cc with a driver for his official as well as personal use maintenance expenses for private use are borne by Mr. Atish.
- j) The Company Contributed 10% of salary to National Pension Scheme and 70,000 in RPF.
- k) Interest credited to RPF account was @ 13% p.a. amounted to 16,250/-
- l) Professional tax paid 2,500 by the employer

Compute taxable income from salary of Mr. Atish for the Assessment year 2022-23 as per old Tax Regime.

**Q4)** Mr. Dhananjay is working in L & T Co. Ltd, Delhi. He has furnished the following details of his income for the year 2021-22. [15]

- a) Basic pay Rs. 28,000 p.m.
- b) Dearness Allowance Rs. 17,200 p.m.
- c) Bonus Rs. 1,00,000
- d) Entertainment Allowance Rs. 600 p.m.
- e) Transport Allowance Rs. 1,800 p.m.
- f) Received house rent allowance Rs. 3,500 p.m. from the employer, but he paid a rent of Rs. 4,000 p.m.
- g) Agricultural Income from Land situated at Sri Lanka Rs. 30,000.
- h) Income from Business Rs. 45,000
- i) Short Term Capital Gain Rs. 25,000
- j) Interest on Govt. Securities Rs. 13,500
- k) Income from units of UTI Rs. 4,500
- l) His contribution to companies Recognised provident Fund Rs. 32,000 and the employer contributes an equal amount.
- m) The interest credited to R.P.F. A/c at 12% is Rs. 9,000.
- n) He has taken life insurance policy of Rs. 2,00,000. The premium of Rs. 25,800 and professional tax of Rs. 2,500 is paid by employer.
- o) Repayment of loan borrowed for higher education of his son Rs. 59,000 including interest Rs. 29,000.
- p) He paid donation to the Government for the promotion of family planning Rs. 5,000 and Prime Minister's Drought Relief Fund Rs. 5,000.

Compute the total taxable income and tax liability of Mr. Dhananjay for A.Y. 2022-23 as per old Tax Regime.

- Q5)** a) Manoj has a property whose municipal valuation is Rs. 2,00,000 p.a. The fair rent is Rs. 2,10,000 p.a. and the standard rent fixed by the Rent Control Act is Rs. 2,20,000 p.a. The property was let out for a rent of Rs. 20,000 p.m. throughout the previous year. Unrealised rent was Rs. 20,000 and all conditions prescribed by Rule 4 are satisfied. he paid municipal taxes @ 10% of municipal valuation. Interest on borrowed capital was Rs. 40,000 for the year. Compute the income from house property of Sunil for A.Y. 2022-23. [8]

- b) Mr. Ashish prepared the following Profit and Loss A/c of his Cloth shop for the year ended 31<sup>st</sup> March, 2022. Find out his income for Business from the AY 2022-23. [7]

(Assuming that he did not opt for presumption Taxation Scheme)

Profit and Loss Account  
for the year ended 31-03-2022

Particulars	Rs.	Particulars	Rs.
Salaries and Wages	33,000	Gross Profit	3,34,725
Rent etc.	1,600	Gifts Received	
Household Expenses	82,000	from Relatives	275
Income Tax	900		
Advertisement	800		
Postage Expenses	600		
Gift to Relatives	900		
Fire Insurance Premium	400		
Life Insurance Premium	2,100		
Bad Debts Reserve	800		
Audit Fees	400		
Net Profit	2,11,500		
Total	3,35,000	Total	3,35,000

**Q6)** Explain Short term Asset and Long term Asset. Explain income tax provisions and exemptions on the following capital assets -LTCG and STCG. [15]

- Shares and Stocks
- Debentures and bonds
- Movable Assets
- House property
- personal Furniture and utensils

