



‘समानो मन्त्रः समितिः समानी’
UNIVERSITY OF NORTH BENGAL
 BBA Honours 3rd Semester Examination, 2022

CC5-BBA (301)

INCOME TAX LAW AND PRACTICE

Time Allotted: 2 Hours

Full Marks: 60

*The figures in the margin indicate full marks.
 Candidates should answer in their own words and adhere to the word limit as practicable.*

GROUP-A

Answer any two questions

12×2 = 24

1. (a) Can Rakesh Singh, an Indian resident, be allowed to hold two different citizenships simultaneously? Is citizenship a determining factor for the residential status of an individual? Elaborate. 7
- (b) From the following income earned by Dr. Anita Sharma during the financial year 2021-22, determine her taxable income for the assessment year 2022-23 if she is (i) Resident and Ordinarily Resident (ROR); (ii) Resident but not Ordinarily Resident (RNOR); (iii) Non-Resident (NR). 5

Sl. No.	Particulars	Amount (Rs.)
i	Dividend from British company received in London	35,000
ii	Profit from a business in Bangalore, but managed directly from London	90,000
iii	Interest on London Development Bonds (only 60% of interest received in India)	70,000
iv	Past foreign untaxed income brought to India during the previous year	45,000
v	Income from a business in Chennai	50,000
vi	Income from agricultural land in Bangladesh received there and then brought to India	25,000

2. Following details are furnished by Mr. Irwin, an Indian citizen, for the year ending 31.3.2022: 12
- (i) Salary (net of professional tax, rent of house provided by employer and Mr. Irwin contribution to Provident Fund) – Rs. 2,96,000
- (ii) Irwin contribution to Provident Fund – Rs. 80,000
- (iii) Employer's contribution to Provident Fund – Rs. 80,000

- (iv) Rent of residential house provided by employer and deducted out of salary – Rs. 19,200
- (v) Professional tax deducted at source – Rs. 4,800
- (vi) Interest credited to Provident Fund @ 8.75% – Rs. 88,000
- (vii) Leave travel allowance received – Rs. 16,000
- (viii) Rent free house provided to employee at Kolkata. Rent of house, paid by employer – Rs. 1,30,000
- (ix) Children Education Allowance for 3 children at Rs. 500 pm each (one of his sons is living in hostel)
- (x) Entertainment Allowance – Rs. 800 per month
- (xi) Amount contributed to PPF – Rs. 1,20,000.

You are required to compute the total income of Mr. Irwin for the AY 2022-23.

3. Mrs. Sanyal furnishes the following information for the previous year 2021-22:

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Particulars	House No. - I	House No.- II
	Kolkata Let out	Jalpaiguri Self-occupied
Construction completed on	20.03.2021	25.08.2016
Gross Municipal Value (₹)	3,75,000	3,12,500
Fair Rental Value (₹)	7,50,000	5,00,000
Annual Rent (₹)	9,00,000	-
Standard Rent (₹)	6,87,500	-
Vacancy Period	3 months	-
Municipal Tax (₹)	40,000	15,000
Municipal Tax Due but not paid	10,000	2,000
Interest on Loan (₹)	31,250	
Loan taken for construction @ 8% p.a (₹)	-	25,00,000
Date of taking Loan	-	30.09.2012

Compute income from House Property for Mrs. Sanyal for the Assessment Year 2022-23.

4. Vivek Gupta, a retail trader of Darjeeling gives the following Profit & Loss Account for the year ended 31st March, 2021:

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Profit & Loss Account for the year ended 31.03.2021

Particulars	Rs.	Particulars	Rs.
To, General expenses	20,000	By, Gross Profit	1,32,000
To, Advertisements	15,000	By, Bad Debts recovered (Not allowed earlier by AO)	18,000
To, Salary	90,000	By, Rent received	60,000
To, Interest on bank loan	10,000	By, Interest on Fixed deposits	30,000

To, Provision for bad debts	5,000	By, Dividend from Foreign Companies	40,000
To, Depreciation	30,000	By, Commission received	10,000
To, Reserve for GST	8,000		
To, Advance Income Tax	4,000		
To, Donation	20,000		
To, Motor car expenses	15,000		
To, Stationery	9,000		
To, Audit fess	5,000		
To, Staff Welfare expenses	10,000		
To, Net Profit	49,000		
	2,90,000		2,90,000

Other information:

- (i) Depreciation is in excess by Rs. 5,000.
- (ii) Motor car expenses include Rs. 4,000 for personal purposes.
- (iii) Central library is an approved institution.
- (iv) The proprietor draws Rs. 5,000 per month by way of salary.

Calculate the gross total income and tax liability of Vivek Gupta for the AY 2022-23.

GROUP-B

5. Answer any **four** questions: 6×4 = 24
- (a) Distinguish between Rebate and Relief with an appropriate example. 6
 - (b) Discuss the relevance of Pension to the government employee and non-government employee. 6
 - (c) Mr. Sen is a Private Sector employee covered by the Payment of the Gratuity Act 1972, retired on 30th November 2021 after a continuous services 28 years 9 months and received Gratuity of ₹5,00,000 on 15th December 2021. His Basic Pay and Dearness allowance for the last month was ₹35,500. Compute the amount of Gratuity taxable in the hands of Mr. Sen. 6
 - (d) Mr. Jana an employee of SRL Ltd. receives his basic salary ₹40,000 per month, dearness allowance ₹25,000 per month and house rent allowance ₹10,500 per month. He gets a commission @ 5% on the annual turnover of ₹7,50,000 achieved by him. He also received @ 5% commission on profit of ₹50,000 for the year 2021-22. He resided in a rented house Kolkata and pay rent per month of ₹10,000. 6
 Compute his taxable House Rent Allowance u/s 10 (13A) for the assessment year 2022-23.
 - (e) Define Capital Assets. What are the assets that are excluded from the definition of capital assets? 2+4
 - (f) Mr. Rahul got medical insurance for all family members and paid premium in the previous year 2021-22 as under: 6
 - (i) Medical insurance of self-paid by cheque – Rs. 15,000
 - (ii) Medi-claim premium of wife paid in cash – Rs. 10,000

- (iii) Medi-claim premium on the policy of dependent younger brother – Rs. 5,000
- (iv) Preventive medical check-up of wife – Rs. 7,000
- (v) Medical premium paid on the medical insurance of his father and mother – Rs. 30,000.

Calculate the amount of deduction u/s 80D.

GROUP-C

6. Answer any *four* questions:

3×4 = 12

- (a) Write any three deductions available to an assessee u/s 80C.
- (b) Distinguish between Indian Income and Foreign Income.
- (c) Write a note on long-term capital gain and short-term capital gain.
- (d) What is casual income? Will it be considered as taxable income?
- (e) Write a note on profit in lieu of salary.
- (f) Distinguish between tax planning and tax evasion.

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