



‘समानो मन्त्रः समितिः समानी’

UNIVERSITY OF NORTH BENGAL
B.Com. Honours 3rd Semester Examination, 2022

CC6-COMMERCE

INCOME TAX LAW AND PRACTICE

Time Allotted: 2 Hours

Full Marks: 60

The figures in the margin indicate full marks.

GROUP-A

Answer any two questions

12×2 = 24

1. (a) How would you determine the residential status of an individual? 8+4
- (b) Mr. James, a foreign national came to India for the first time on 15th June 2016. During the financial year 2016-17, 2017-18, 2018-19, 2019-20, 2020-21 and 2021-22 he stayed in India for 120 days, 115 days, 15 days, 191 days, 124 days and 80 days respectively.
- Determine his residential status for the assessment year 2022-2023.
2. Mr. Rishav is the owner of a house property which consists of 3 (**three**) independent units: 12
- Unit-I:** 40% of the property (Self-occupied for residence)
- Unit-II:** 40% of the property (Let-out for residence)
- Unit-III:** 20% of the property (Let-out for tenant's business)
- Other information regarding the house are as follows:
- | | |
|-----------------------|----------------|
| Fair Rental Value | ₹90,000 p.a. |
| Municipal Valuation | ₹1,00,000 p.a. |
| Standard Rent | ₹80,000 p.a. |
| Municipal Tax | 10% |
| Repair Expenses | ₹10,000 p.a. |
| Ground Rent | ₹5,000 p.a. |
| Actual Rent Received: | |
| Unit-II | ₹5,000 p.m. |
| Unit-III | ₹2,000 p.m. |
- Unit-II** remained vacant for the two months. Mr. Rishav started the construction of the house in 2018. He borrowed ₹7,00,000 @ 10% p.a. on 01.07.2018, for the completion of the house and the house was finally completed on 15th July 2020. He returned loan of ₹1,40,000 on 31st March 2021.
- Determine income from house property of Mr. Rishav for the assessment year 2022-2023.

3. Following is the Profit and Loss Account of Mr. Ravi for the year ended 31.03.22:

12

Dr.			Cr.
	₹		₹
To Salary	3,48,000	By Gross Profit	10,85,000
To Depreciation	80,000	By Bad Debt Received	15,000
To Audit Fees	45,000	By Commission	22,000
To Repairs	58,000	By Sundry Receipts	13,000
To Transfer to Special Reserve	90,000	By Customs duty recovered	30,000
To Contribution to unapproved Gratuity Fund	18,000	(Disallowed earlier)	
To Interest Payable	70,000		
To Provision for Income Tax	75,000		
To Employee's Contribution to P.F.	11,000		
To Legal Expenses	78,000		
To Net Profit	2,92,000		
	11,65,000		11,65,000

Other information:

- Depreciation includes ₹20,000 being unabsorbed depreciation of earlier years.
 - Repairs include ₹18,000 being expenditure on construction of washroom, which was completed on 31.12.2021.
 - Salary includes ₹40,000 given as compensation to the widow of a deceased employee.
 - Out of bad debt recovered ₹10,000 were allowed as deduction earlier.
- Calculate the business income of Mr. Ravi for the assessment year 2022-2023.

4. Mr. X employed as a manager in a company in Kolkata (population above 25 lakh) provides the following details of income for the year ended 31.03.2022:

12

- Basic Salary- ₹25,000 p.m.
- Dearness allowance- ₹10,000 p.m. (Enters into retirement benefit)
- Bonus is equal to 4 months Salary.
- Entertainment allowance- ₹3,000 p.m.
- He was provided with an unfurnished accommodation, the fair rental value of which is ₹5,000 p.m.
- Hospitalisation expenses (self) in a private hospital (unapproved) ₹25,000 borne by employer.
- His contribution to R.P.F. @ 16% of Salary. Employer contributed an equal amount.
- Interest credited to R.P.F. @ 11% is ₹2,200.
- His interest incomes were as follows:
 - On Government Securities- ₹5,000
 - On P.O. Saving Bank Account- ₹2,000
- He donated money in the following areas:
 - National Defence Fund- ₹5,000
 - P.G. Chandigarh for family planning- ₹8,000

Compute the total income and tax liability of Mr. X for the relevant assessment year.

GROUP-B

5. Answer any **four** questions: 6×4 = 24

- (a) Mr. Das sold a plot of land at Siliguri on 01.06.2021 (CII-317) for ₹14,40,000. He paid ₹40,000 as selling expenses. The plot was received by him on the death of his father on 15.03.2005 (CII-113). His father acquired the land on 01.04.1990 for ₹1,00,000 (Fair Market Value on 01.04.2001 was ₹3,10,000). 6

On 01.10.2021, he invested ₹3,00,000 in bonds issued by Rural Electrification Corporation Ltd. and ₹2,00,000 on 01.03.2022 in bonds of National Highway Authority of India.

Compute his taxable Capital Gain, for the relevant assessment year.

- (b) Mr. Roy has the following income during the year ended 31.03.2021: 6

- (i) Dividend declared by TISCO on 31.03.2021 [Indian Company] ₹6,000.
- (ii) Dividend declared by Reliance Industries Ltd. (Indian Company) ₹9,000.
- (iii) Interim dividend received on 01.05.2021 (Foreign Company) ₹3,000.
- (iv) He won Gold of ₹10,00,000 from Punjab State Lottery.
- (v) During March 2022, he earned ₹1,50,000 from horse races. Expenditure on these race horses (owned by him) amounted to ₹2,00,000.

Compute his income from other sources for the assessment year 2022-23.

- (c) Mr. Paul furnishes the following income and losses for the assessment year 2022-23: 6

- (i) Short term Capital Gain- ₹5,000
- (ii) Long-term Capital Gain (gold)- ₹7,500
- (iii) Loss from Crockery Business- ₹5,000
- (iv) Profits from Stationary Business- ₹15,000
- (v) Income from House Property- ₹10,000
- (vi) Interest earned from Bank Deposits- ₹19,000

The following are the brought forward losses from the assessment year 2021-22:

- (i) Loss from Textile business (Discontinued from 01.07.2020)- ₹5,000
- (ii) Speculation Loss- ₹15,000
- (iii) Long-term Capital Loss (Share)- ₹13,500

Show the treatment of Set-off and Carry-forward of losses.

- (d) Write short notes on: 3+3

- (i) Block of Assets
- (ii) Tax treatment of Gratuity.

- (e) Mr. Dutta, a manager with a company was transferred to Bangalore where he stayed for 88 days in a Hotel, and paid a bill of ₹64,000. His salary particulars are:

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Basic Salary- ₹25,000 p.m.

Dearness Allowance- ₹5,000 p.m.

Conveyance Allowance- ₹1,000 p.m.

(Actual expenditure- ₹600 p.m.)

City Compensatory Allowance ₹1,000 p.m.

Calculate the value of rent-free accommodation.

- (f) Briefly explain the provision given U/S 54 EE of Income Tax Act, 1961.

GROUP-C

6. Answer any **four** questions:

3×4 = 12

- (a) Who is a representative assessee?
- (b) Define person U/S 2(31) of the Income Tax Act 1961.
- (c) Distinguish between “Exemption” and “Deduction” with example.
- (d) Explain the tax treatment of leave encashment on retirement for the category of “Other Employees” U/S 10(10AA) of Income Tax Act 1961.
- (e) Define annual value U/S 23 of the Income Tax Act 1961.
- (f) Define the following terms:
 - (i) Business U/S 2(13)
 - (ii) Profession U/S 2(36).

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