

**Second Internal Examination, October 2023**

**Department of Commerce, Semester 5**

**INCOME TAX I**

**Total: 80 marks**

**Time: 3 hours**

**Section A**

*Answer any 10 questions. Each question carries 2 marks.*

1. What is mean by Surcharge?
2. Define Assessee u/s 2(7).
3. What is mean by Transferred Balance?
4. Who is a Deemed Resident?
5. Explain Annual Accretion.
6. How Entertainment Allowance is taxed?
7. Describe Standard Rent.
8. What is mean by Unrealise Rent and explain Rule 4?
9. Explain Block of Assets.
10. Write a note on Unabsorbed Depreciation.
11. Explain Amortization of Preliminary Expenses.
12. Describe the computation of House Property Income in case of Self Occupied House.

**(10 x 2 =20 Marks)**

**Section B**

*Answer any 6 questions. Each question carries 5 marks.*

13. Explain how the Residential Status is determined.
14. What are the major objectives of Taxation?
15. Mr. Regunath was born in India in 1989. From 2009 to 2019 he was in Canada. From 1<sup>st</sup> April 2019 to 31<sup>st</sup> March, 2020, he was in India. From 1<sup>st</sup> April 2020 to 31<sup>st</sup> March, 2022, he was in Australia. On 1<sup>st</sup> April 2022 he came to India and is staying in India.  
What will be his Residential Status in India, for PY 2022-23?
16. Mr. Sam was getting pension from a bank Rs. 12,000 per month. With effect from 1.6.2022, he commuted two third of his pension and received Rs. 480,000. Compute the

amount of pension includible under the head salary for the year 2022-23 if

- a) he received gratuity at the time of retirement,
- b) he did not received gratuity at the time of retirement.

17. From the following compute taxable HRA in respect of A and B.

	A	B
Basic salary per month	18,000	12,500
Dearness Pay per month	20%	20%
HRA received per month	3,500	2,500
Rent paid per month	4,000	3,000

18. Explain the Computation of Income from House Property.

19. X takes a loan of Rs. 45,000 @ 15% p.a. for constructing a house on 1.06.2016. Construction of the house is completed on 20.01.2022. date of loan repayment is 30.09.2019. Compute the duration of pre-construction period and the amount of interest.

20. From the following Information compute depreciation allowance for the year 2022-23.

- a. WDV of plant and machinery on 1.4.2022 Rs. 600,000
- b. P&M purchased on 15.5.2022 for production department Rs.500,000.
- c. in June 2022, the assessee purchased the following assets;
  - \* Office Appliances Rs.50,000.
  - \* Air conditioner for guest house Rs.30,000.
  - \* Car Rs.200,000.
- d. P&M purchased on 10.11.2022 for production department Rs.150,000.

21. Briefly explain the general rules relating to the ascertainment of Income from Business.

**(6 x 5 = 30 Marks)**

### Section C

**Answer any 2 questions. Each question carries 15 marks**

22. Explain how tax liability of an assessee is determined with reference to his residential status.

23. From the following information compute the taxable salary of Shri Ashok, who is working as driver with a transport company at Sikkim for the A.Y 2023-24.

- a. Salary Rs.20,000 p.m.
- b. DA Rs. 1500 p.m.
- c. Bonus equal to one month's salary
- d. Remote Locality Allowance Rs. 1,500 p.m.
- e. Allowance to meet his personal expenses while on duty Rs. 3,000 p.m.
- f. Children Education Allowance Rs. 195 p.m. (for three children @Rs.65 per child)
- g. one son of Shri Ashok lives in a hostel for studies and the employer pays Rs. 400 p.m. to meet the hostel expenditure.
- h. Entertainment Allowance Rs.450 p.m.

24. Mr. X owns a residential house in Mumbai. The house has two units, first unit is self-occupied by Mr. X and the second unit is rented for Rs.8,000 per month.

The let-out unit was vacant for 2 months during the year.

The other particulars of the house are given below.

- a. Standard rent Rs.162,000 per annum
- b. Municipal valuation Rs. 190,000
- c. Fair rental value Rs. 185,000
- d. Municipal tax paid 15% of municipal valuation
- e. Light and water charges Rs. 500 per month
- f. Interest on capital borrowed for the house Rs.1500 p.m.
- g. Lease money Rs.1200 p.a.
- h. Insurance charges Rs.3,000
- i. Repairs Rs.12,000 p.a.

Compute income from house property for the year 2022-23.

25. From the following P&L a/c of Mrs. Rima compute income from business.

**Profit and loss a/c for the year ended 31.03.2023**

	Amount		Amount
Salary	14,800	Gross profit	125,000
General Expenses	12,550	Miscellaneous receipts	2,000
Bad debts recovered	3,000	Commission earned	4,000
Income tax	1,500	Interest on government securities	3,000
Gift and presents	2,000	Dividend from Indian company	10,000
Life insurance premium	1,300		

Fire insurance premium	1,000		
Commission paid	15,000		
Audit fee	2,750		
Interest on capital	4,500		
Discount allowed	6,000		
Trade expenses	24,500		
Net profit	55,100		
	<b>144,000</b>		<b>144,000</b>

Depreciation allowance eligible to the business Rs.6,500. General expenses include Rs.4,000 being cost of a table purchased for domestic use. Commission was paid in cash.

**(2 X 15 = 30 Marks)**

*[Scan QR code for Answer Key]*