

6/H-76 (xv) (a) (Syllabus-2015)

2 0 2 2

(May/June)

COMMERCE

(Honours)

(Direct Tax Laws and Practice)

(BC-603)

Marks : 75

Time : 3 hours

*The figures in the margin indicate full marks
for the questions*

UNIT—I

1. (a) X is employed in a private limited company in Mumbai. He furnishes the following particulars of his income for the year 2020-21. Compute his income from salary :

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(i) Net salary received—₹ 13,02,000

(ii) Amount deducted from salary :

	₹
Own contribution to RPF	95,000
Income tax	24,000
Professional tax	4,800

(2)

- (iii) He is provided with a car (cubic capacity of the engine : 1.2 litres) both for official and private use. Entire expense including driver's salary is paid by the employer
- (iv) His employer paid life insurance premium of ₹ 15,000 on his behalf
- (v) His salary includes medical allowance of ₹ 800 per month and house rent allowance of ₹ 10,000 per month
- (vi) He lives in a rented accommodation in Mumbai paying monthly rent of ₹ 15,000

(b) What do you mean by the term 'person' under the Income-tax Act, 1961?

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Or

Mr. Sharma is the owner of two houses, the details of which for the previous year, 2020-21 are as under :

	House No. 1	House No. 2
Construction completed on	31.08.2001	30.09.1997
Utilized as	Tenant's business	Own residence

(3)

	Amount ₹	Amount ₹
Municipal value (Municipal tax is assessed at 10%)	12,000	15,000
Fair rent	14,400	16,800
Rent received	10,400	Nil
Standard rent	13,000	15,000
Insurance premium	1,000	1,500
Interest on loan	800	3,000
Repayment of principal value of loan	8,000	15,000

Compute income from house property of Mr. Sharma for the Assessment Year, 2021-22 after taking into account the following additional information :

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- (i) He has claimed deduction ₹ 12,000 on account of unrealized rent of the year 2019-20 relating House No. 1
- (ii) During the year, he paid municipal tax in respect of House No. 1 for the current year as well as for the year 2019-20

UNIT—II

2. The following is the Profit & Loss A/c of S. Dhar for the year ended on 31st March, 2021 :

Particulars	₹	Particulars	₹
To Office Salaries	52,000	By Gross Profit	2,38,300
" Proprietor's Salaries	24,000	" Commission	5,400
" Rent	36,000	" Income Tax Refund	1,800
" Insurance of Stock	8,300	" Bank Interest	7,900
" Life Insurance Premium	9,700	" Interest from US 64 Bonds	5,200
" Purchase of Furniture	12,500	" Profit on Sale of Machinery	12,500
" Motor Car Expenses	15,700		
" Donation	3,500		
" Bad Debt	7,200		
" Reserve for Doubtful Debt	8,500		
" Income Tax	9,700		
" Depreciation	12,000		
" Interest on Capital	7,300		
" General Expenses	3,700		
" Net Profit	61,000		
	<u>2,71,100</u>		<u>2,71,100</u>

Compute income from business of S. Dhar for the Assessment Year, 2021-22 after taking into consideration the following additional information :

15

- (i) Rent includes ₹ 12,000 being the rent of the building occupied by the proprietor for his own residence
- (ii) 20% of the motorcar is used for private purpose of the proprietor
- (iii) Depreciation as per IT rules amount to ₹ 9,700

Or

Explain long-term gain and short-term gain. Explain any two deductions available under capital gains. 5+10=15

UNIT—III

3. State the provisions as regards clubbing of income. 15

Or

Discuss the provisions of income tax relating to carry forward and set off of losses. 7+8=15

UNIT—IV

4. Mr. X has a proprietary business. He furnishes the particulars of his income for the year ending 31.03.2021.

(i) Net profit of ₹15,35,500 from the wholesale business of textiles and fabrics arrived at after charging the following expenses :

(1) Personal travelling expenses of ₹12,750

(2) Purchase of furniture on June 2020 for ₹25,000 but charged as shop expenses

(ii) He aims a two-storey house. It was constructed with financial assistance of HDFC. The ground floor of the house is used by him for self use and the first floor is on rent from April 2020 for ₹8,500 per month. The municipal tax of the house is ₹2,500 and interest on housing loan paid is ₹52,000. Both the floors of the house are identical

(iii) He has paid insurance premium on his own life ₹12,500; on the life of his wife ₹13,500; and on the life of his son and

daughter ₹28,000. Further he has made investment of ₹50,000 in bonds issued by infrastructure company and paid ₹82,500 by credit card for Mediclaim Insurance of himself and the family

Recommend the assessee whether to choose the new tax regime introduced in Finance Bill 2020 or to choose the old tax regime. 15

Or

Define a firm under the Income-tax Act, 1961. How is a firm's income computed? Explain. 15

UNIT—V

5. State the powers and functions of—

(a) Commissioner (Appeals);

(b) Inspectors of Income Tax. 15

Or

Briefly state the offences when an assessee becomes liable for prosecution. 15
