

Total No. of Printed Pages—8

**3 SEM TDC ITLP (CBCS) C 306**

**2021**

( Held in January/February, 2022 )

**COMMERCE**

( Core )

Paper : C-306

**( Income Tax Law and Practice )**

*Full Marks : 80*

*Pass Marks : 32*

*Time : 3 hours*

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

1. (a) Fill in the blanks : 1×4=4
- (i) Residential status is determined with reference to the individual's \_\_\_\_\_ presence in India.
- (ii) Gratuity is ordinarily taxable as \_\_\_\_\_.
- (iii) All those assets to which one rate of depreciation is applicable are known as \_\_\_\_\_.

(iv) The Permanent Account Number is a \_\_\_\_\_ digit alpha numeric number which is issued by an assessing officer of the income tax department.

(b) Write True or False : 1×4=4

(i) The present Income-tax Act came into force with effect from 1st April, 1961.

(ii) The annual value of house property must consist of any building or lands appurtenant thereto.

(iii) Long-term capital gains on sale of securities listed in stock exchange is taxed u/s 115A of the Income-tax Act, 1961.

(iv) Total income is also known as taxable income.

2. Write short notes on any *four* of the following : 4×4=16

(a) Standard deduction (u/s 16)

(b) Home loan

(c) Deductions u/s 54

(d) Unexplained investment (u/s 69)

(e) Filing of return of income

3. (a) Explain the following (any two) :  $4 \times 2 = 8$

- (i) Assessee
- (ii) Agricultural income
- (iii) Gross total income

Or

(b) Enumerate any four items of income which are fully exempted from income tax. Also mention any four such incomes which are partially exempted from income tax.  $4 + 4 = 8$

4. (a) Explain the following relating to income from salary :  $3 \times 3 = 9$

- (i) House Rent Allowance
- (ii) Gratuity
- (iii) Recognized Provident Fund

Or

(b) Mr. Rajiv is a production manager of an industrial unit at Chennai. The particulars of his salary income are as under :

	₹ (p.m.)
Basic salary	40,000
DA (given under the terms of employment)	15,000
Entertainment allowance	1,000

	₹ (p.m.)
Medical allowance	500
House rent allowance	12,000
Rent paid for the house	15,000

Car of 1.2 lt capacity provided by employer for private and official use. Employer meets expenses of car

He and his employer (each) contribute 13% of salary to Recognized Provident Fund

Mr. Rajiv had taken interest-free loan of ₹ 15,000 to purchase refrigerator

Compute income under the head salary for the Assessment Year, 2020-21. 9

5. (a) From the particulars given below, compute income from house property which consists of two independent units having  $\frac{1}{3}$ rd and  $\frac{2}{3}$ rd area : 10

Date of completion	01.11.2013
Municipal rental value	₹ 96,000
Fair rental value	₹ 84,000
Self-occupied	$\frac{2}{3}$ rd portion
Let out	$\frac{1}{3}$ rd portion from 01.04.2018 to 31.08.2018 @ ₹ 7,200 p.m. and self-occupied from 01.09.2018 onwards

Municipal taxes	₹ 6,000 p.a.
Fire insurance premium	₹ 2,000 p.a.
Ground rent	₹ 4,000 p.a.
Interest on loan	₹ 7,500

Or

(b) What is 'annual value'? How is it determined? What deductions are allowed from the annual value in computing taxable income from house property? 2+3+5=10

6. (a) Dr. Kunal is a medical practitioner. He gives you the following summary of cashbook for the year ending on 31.03.2020 :

	₹		₹
To Balance b/d	10,000	By Rent of clinic	18,000
" Consultation fee	60,000	" Purchase of medicine	38,000
" Visiting fee	45,000	" Staff salaries	24,000
" Gifts and presents	8,000	" Surgical equipment	40,000
" Sale of medicine	42,000	" Motorcar expenses	8,000
" Dividend from UTI	6,000	" Purchase of motorcar	1,40,000
" Life insurance maturity	1,00,000	" Household expenses	7,000
" Dividend from NDS	6,000	" Balance c/d	2,000
	<u>2,77,000</u>		<u>2,77,000</u>

*Other Informations :*

- (i) 50% of the motorcar expenses incurred in connection with profession. Car was purchased in December 2019
- (ii) Household expenses include ₹ 6,800 for insurance premium
- (iii) Gift and presents include ₹ 3,000 from relatives
- (iv) Closing stock for medicine for ₹ 12,000 and opening stock on 01.04.2019 was ₹ 4,000

Compute his professional gain for the Assessment Year, 2020-21.

10

Or

- (b) Mention ten examples of expenses allowable as deduction u/s 37 of the Income-tax act while computing the profits and gains of business or profession.

10

7. (a) Mr. Sudip purchased a house on 12.04.2018 for ₹ 11,00,000 and spent ₹ 1,80,000 on its improvement on 14.07.2018. On 16.12.2019, he sold the house for ₹ 21,50,000 (stamp duty value ₹ 23,00,000) and incurred ₹ 12,000 as expenses on transfer.

Compute the amount of capital gains for the Assessment Year, 2020-21.

9

Or

- (b) Mention the different kinds of incomes specifically mentioned as chargeable to tax under the head, 'Income from other sources'.

9

8. (a) From the following information relating to Financial Year, 2019-20 furnished by Mr. Shiv Prasad Gupta, compute his gross total income for the Assessment Year, 2020-21 :

10

(i) Income from salary (computed)—  
₹ 7,00,000

(ii) Interest of ₹ 80,000 on the bank fixed deposit for the Financial Year, 2019-20 was credited to the Savings Bank Account of Raman, his nephew (son of his sister)

(iii) He gifted a flat to his wife on 01.04.2019. The income from house property (computed) for the Financial Year, 2019-20 was ₹ 3,20,000

(iv) Cash gift received by his minor son Bimal during his 10th birthday celebration—₹ 92,000

(v) Income of minor daughter Sangita from fixed deposit in a bank—₹ 50,000

(vi) Minor son's income from fixed deposit in a bank—₹ 2,400

Or

(b) Explain the provisions of the Income-tax Act regarding set-off and carry forward of the following : 3+3+4=10

(i) Loss from house property

(ii) Capital loss

(iii) Loss of the discontinued business

★ ★ ★