

STELLA MARIS COLLEGE (AUTONOMOUS) CHENNAI – 600 086.
(For candidates admitted during the academic year 2019– 2020 and thereafter)
SUBJECT CODE:19AF/MC/IA54

B.COM (A&F). DEGREE EXAMINATION NOVEMBER 2022
ACCOUNTING AND FINANCE
FIFTH SEMESTER

COURSE : MAJOR – CORE
PAPER : INDIVIDUAL TAX ASSESSMENT
TIME : 3 HOURS **MAX. MARKS: 100**

SECTION – A

ANSWER ALL QUESTIONS: (10 x 2 = 20)

1. Define the term ‘Person.’
2. State the tax treatment relating to entertainment allowance.
3. Define the term annual value.
4. List out any four expenses that are treated as inadmissible under the head income from business or profession.
5. Explain the clubbing provisions relation to income of a minor child.
6. Net salary received Rs 72,000
Income tax deducted at source Rs 4,000
Professional tax deducted at source Rs 1,200
Rent of house deducted out of salary Rs 3,600
Compute Basic pay.
7. Municipal Rental Value Rs 1,50,000 p.a
Fair Rental Value Rs 2,00,000 p.a
Standard Rent Rs 70,000 p.a
Actual Rent Rs 2,40,000 p.a.
One month rent could not be recovered from the tenant.
Compute Gross Annual Value for the assessment year 2021-2022
8. W.D.V of the Block of Plant& Machinery as on 1/4/2021 is Rs 40,000. A machine was purchased for Rs 5,00,000 in January, 2022. A plant was sold in March,2022 for Rs 40,000. Compute the amount of depreciation for the current assessment year assuming that the rate of depreciation is 15% p.a.
9. Miss. Kavitha invested Rs 1,00,000 in 8% tax-free debenture of a company. What will be her taxable interest for the previous year ending on 31/3/2022 if the rate of deducting tax at source is @ 10 %. Interest accrues on 1st day of January every year.
10. From the following income of a trader, Compute the Gross Total Income for the current assessment year.

1. Speculation income	Rs 50,000
2. Business loss (Non speculation)	Rs 60,000
3. Short term capital gain	Rs 50,000
4. Long term capital loss	Rs 50,000
5. Winnings from lottery (net)	Rs 21,000

SECTION – B

ANSWER ANY FIVE QUESTIONS:

(5 x 8 = 40)

11. Mr. Beckam, an Indian citizen, leaves for the first time on September 20, 2019 for the purpose of employment. He comes to India for a visit of 146 days on April 10, 2020. He finally comes back on May 16, 2021. Find out the residential status of Mr. Beckam for the assessment year 2022-2023.
12. Mr. Saravanan receives Rs 10,000 p.m as basic pay and Rs 5,000 pm as DA (60% forms part). He receives Rs 6,000pm as HRA and he pays Rs 5,000pm as rent. House is situated in Trichy. You are asked to identify the value of taxable HRA for the assessment year 2022-2023.
13. From the particulars given below, calculate the NAV for the current assessment year. House property remained vacant for two months.

MRV	Rs 1,80,000 p.a
Municipal taxes paid by the owner	Rs 10,000
Municipal taxes paid by the tenant	Rs 4,000
Actual rent received	Rs 12,000 p.m.
FRV	Rs 1,60,000. p.a
Rent fixed under the rent control Act	Rs 80,000 p.a
Unrealised rent	Rs 20,000

14. From the following receipts and payments account of Mr. Sambasivam, a leading tax consultant in Chennai, examine his taxable income from profession.

Receipts	Rs.	Payments	Rs.
To balance b/d	3,50,000	By Administrative expenses	60,000
To fees from clients		By salary to staff	
2020-2021	1,00,000	2020-2021	30,000
2019-2020	50,000	2019-2020	40,000
To presents from Clients	40,000	By repairs	8,000
To Winnings from lotteries	28,000	By Interest on loan	12,000
To Rent from house property	75,000	By Income tax	6,000
To share of income from film	12,000	By Purchase of car	1,50,000
		By balance b/d	3,49,000
	6,55,000		6,55,000

15. From the following particulars compute the capital gain.
1. Cost of acquisition of residential house (2008-2009) Rs 3,50,000
 2. Sale consideration on 5.10.2021 Rs 70,00,000
 3. Stamp duty value Rs 80,00,000
 3. Cost of acquisition of a new house purchased in December 2021 Rs 3,00,000.
 4. Amount deposited in capital gain deposit scheme on 6-11-2021 Rs 3,00,000.
- The CII in 2008-2009 was 137 and 2021-2022=317.

16. Mr. Kannan received the following gifts during the previous year 2021-2022:

1. He received a gift in cash of Rs 20,000 from his uncle on 30.6.2021
2. He received a cheque of Rs 30,000 as a gift from his brother on 10.11.2021
3. He received a cheque of Rs 21,000 on his wedding from Mr. X on 1.12.2021
4. He received Rs 25000 as gift from his non-resident friend Mr. Y on 30.12.2021
5. He received a gift of Rs 51000 from his brother –in-law on 31.1.2022
6. He received a gift of Rs 5000 from Mr. Z, his resident friend on 15.2.2022

Calculate the amount of taxable gifts chargeable under the head income from other sources.

17. Mr. Ajith earned gross total income of Rs 5,00,000 in the previous year 2021-2022 and made the following investments/ payments during the year:

1. Contribution to RPF Rs 15000 and to SPF Rs 60,000
2. Contribution towards NSC VIII Issue Rs 11,000
3. Insurance premium on own life and on the lives of two children Rs 25,000 (sum assured Rs 1,50,000). On the life of his wife Rs 2,500 (sum assured Rs 45,000) on the life of his brother Rs 30,000.
4. Repayment of housing loan taken from Indian bank Rs 1,60,000 (Principal Rs 1,20,000 and interest Rs 40,000).
5. Tuition fees paid for his two daughters who are pursuing B.Com Accounting & Finance at Stella Maris College for women, Chennai Rs 84,000

Compute the total amount qualifying for deduction and the amount of deduction U/S 80 C of the Income Tax Act,1961.

SECTION – C

ANSWER ANY TWO QUESTIONS:

(2 x 20 = 40)

18. Mr. X owns a residential house property. It has two equal residential units-Unit 1 and Unit 2. Unit 1 is used for his self-residential purpose. Unit 2 is let out on a monthly rent of Rs 11,000. Rent of two months could not be recovered. MRV is Rs 1,30,000. Standard rent Rs 1,25,000. FRV Rs. 1,40,000. Municipal tax is imposed @ 12% P.a. which is paid by Mr. X on April 1, 2021. Other expenses for the previous year 2021-22 being repair Rs 250. Insurance Rs 600. Interest on capital (borrowed during 1998) for constructing the property Rs 63,000.

Determine the taxable income from house property.

19. Determine the taxable business income.

P&L Account

Particulars	Rs.	Particulars	Rs.
To Rent and rates	45,000	By Gross profit	2,25,000
To Depreciation on machinery	8,000	By Income from other sources	1,50,000
To Depreciation on furniture	2,000	By income from capital gains	1,00,000
To Purchase of motor car	50,000	By Miscellaneous income	1,25,000
To Car expenditure	3,000		
To Advertisement(cash)	25,000		
To Net profit	4,67,000		
	6,00,000		6,00,000

Other information

1. Allow Rs 5,000 as depreciation on machinery.
 2. 50% of motor car expenses relates to personal use.
 3. Miscellaneous incomes have been approved by Income Tax authorities as business income.
 4. Motor car has no depreciation.
 5. Miscellaneous income includes dividend income of Rs 50,000.
 6. Income from business not credited to Profit & Loss a/c is Rs 20,000.
20. From the following particulars of Mr. Raja for the previous year ended 31st March, 2022 compute taxable income from other sources.
1. 9%, Rs. 1,00,000 Agra Municipal bonds.
 2. 10%, Rs. 40,000 Tamil Nadu Govt loan.
 3. 10%, Rs. 40,000 debentures of a company.
 4. 8%, Deposit in Canara bank Rs. 80,000
 5. Winnings from lottery (gross) Rs. 10,000
 6. Interim dividend from India cements Ltd Rs. 5,000.
 7. Royalty from Margam publications Rs. 50,000 (amount spent on getting manuscript typed Rs. 10,000).
 8. Interest on Post office S/B account Rs. 5,000.
 9. Dividend from a cooperative society Rs. 12,000
 10. Income from sub – letting Rs. 20,000.
21. From the particulars given below compute taxable income of Mr. Sincere for the Assessment Year 2022-2023.
1. Basic salary Rs 12,000 p.m
 2. Dearness allowance Rs 8,000 p.m
 3. HRA Rs 6,000 p.m. He resides in his uncle's house for which he does not pay rent.
 4. Children education allowance Rs 90 per month per child for three children.
 5. Hostel expenditure allowance Rs 300 per month per child for three children
 6. Reimbursement of medical expenses Rs 2,000
 7. Contribution by employee and employer to RPF - @ 13% (each) of salary. Interest credited to RPF @ 10 % p.a comes to Rs 10,000.
 8. Petrol allowance Rs 400 p.m. Amount spent Rs 300 p.m.
 9. Helper allowance Rs 450 p.m.
 10. Professional tax paid by the employer on behalf of the employee Rs 6,000

He sold one house for Rs 1,27,800 on 1-4-2021. This house was purchased by him on 15th May 2022 for Rs 45,000.

He sold another house on 20.4.2021 for Rs 2,20,000. This house was purchased by him for Rs. 90,000 on 1.5.2005.(CII for 2005-2006:117, 2020-2021: 301 and for 2021-22: 317)

He deposited in National Savings scheme, 1992 Rs. 15,000 and donated Rs. 8,000 to the state govt for family planning.
