

STELLA MARIS COLLEGE (AUTONOMOUS) CHENNAI-86
(For candidates admitted during the academic year 2019 – 2020 and thereafter)

B.Voc. DEGREE EXAMINATION, NOVEMBER 2023
BANKING, FINANCIAL SERVICES AND INSURANCE
FIFTH SEMESTER

COURSE : MAJOR CORE
PAPER : TAXATION
SUBJECT CODE : 19VB/VM/TN56
TIME : 3 HOURS

MAX.MARKS : 100

SECTION – A

ANSWER ALL QUESTIONS

(10x2=20)

1. Write a short note on Canon of Expediency.
2. What are allowances?
3. Define capital asset and what are exempted capital assets?
4. What is deduction under sec 80DD?
5. State the structure of GST.
6. A firm's stock of goods valued on 1.4.22 and 31.3.23 at Rs.2,50,000 and Rs.3,00,000 at 20% below the cost. Calculate the amount of under valuation of stock.
7. From the following details ascertain the taxable interest income of Miss Gayathri for the previous year 22-23.
 - (i) Investment in tax free 10% debentures in X Ltd.(unlisted) Rs.1,00,000.
 - (ii) Interest received on Debentures in 'Y' Ltd (listed) Rs.45,000.
8. Mr. Ravi an Indian citizen goes to Singapore for employment during the previous year on 1.9.22. Determine his residential status for the AY 23-24.
9. Mr. Ajay submits the following information relevant for the assessment year 23-24. Determine the net income.

Salary income computed Rs.5,00,000
Income from house property
House A (computed) Rs.40,000
House B Rs.2,70,000 (loss)
10. The total income of Mr. A is Rs.51,00,000. Compute tax liability for the AY 23-24.

SECTION – B

ANSWER ANY FIVE QUESTIONS

(5x4=20)

11. Mr. Durai earns the following incomes during the financial year 2022-2023. Compute taxable income if he is a Resident , not ordinarily resident and non-resident.
 - (i) Pension from former employer in India received in America Rs.40,000
 - (ii) Profit from business in Paris controlled in India (half remitted to India as received) Rs.2,00,000
 - (iii) Income from house property in Ceylon received there Rs.40,000
 - (iv) Income from agriculture in Bhutan received there and brought to India Rs.50,000
12. The house details of Harsha are as follows. Compute income from house property for the assessment year 23-24.

Particulars	Rs.
Annual Rent of the property	1,68,000
Fair rent	1,45,000
Standard rent	1,42,000
Unrealized rent	70,000
Municipal value	1,40,000
Interest on housing loan	15,000
Vacancy loss	42,000

13. Explain the term “supply” under GST Act.
14. Distinguish between direct taxes and indirect taxes.
15. Compute gross salary from the information given below.
- Salary @ Rs.5,000 p.m.
 - DA @ Rs.1,000 p.m. (Rs.500 enters into pay for service benefits).
 - Advance salary for two months Rs.11,000.
 - Employer’s contribution to RPF Rs.800 p.m.
16. Compute capital gain for the assessment year 23-24.
- Cost of acquisition (2006-07) Rs.100,000.
- Sold on 31.12.2022 Rs.60,00,000.
- Cost of improvement (2013-14) Rs.10,000.
- CII for 2006-2007-122, 2013-2014-220, 2022-2023-331

17. The income of a family is as under. Discuss in whose hand the income are assessable and to what extent.

Mr. X from business	Rs. 40,000
Mrs. X from employment	Rs.1,00,000
Minor son of Mr. X (interest of a company, investment done by grandfather)	Rs. 25,000
Minor son of Mr. X, Mr. A (from acting in a film)	Rs. 75,000
Minor daughter of Mrs. X, Miss. B	Rs. 10,000

SECTION – C

ANSWER ANY TWO QUESTIONS

(2x15=30)

18. From the Profit and Loss account for the relevant assessment year, compute income from business:

Profit and Loss Account for the year ended 31.3.2022

Particulars	Rs.	Particulars	Rs.
To salaries to employees	95,000	By gross profit	3,80,000
To rent	21,000	By interest on securities	14,000
To general expenses	16,000	By income from house property	25,000
To Advertisement expenses paid in cash	24,000	By bad debts recovered (earlier allowed)	12,000
To legal expenses	5,000		
To repairs	2,500		
To depreciation	15,000		

To bonus	6,000		
To bonus to proprietor	4,000		
To provision for bad debts	6,000		
To donation	2,000		
To car purchased	72,000		
To expenses on car	12,000		
To entertainment expenses	22,000		
To bad debts	1,500		
To drawings by proprietor capital	24,000		
To sales tax (due and paid on 1.7.20)	6,000		
To interest on proprietor capital	7,000		
To net profit	90,000		
Total	4,31,000	Total	4,31,000

From the examination of books of accounts, the following other information are available.

- Advertisement expenses were spent on insertion in newspapers.
- Rs.3,000 was spent on purchase of land and is included in legal expenses.
- Half of the repair expenses were for let out of building.
- Depreciation allowable on all assets including car is Rs.14,400.
- Bonus was paid to employees on 30.6.22 and due date of filing of returns is 31.7.22.

19. Mr. J sells agricultural land located within the municipal limits of Chennai city for Rs.50,00,000 on August 4, 2021, which was purchased by him on February 2, 2009 for Rs.3,00,000. On June 2, 2022, he purchased agricultural land outside the municipal limits of Chennai city for Rs.5,00,000 and deposits Rs.5,00,000 in a deposit account for availing exemption.

Determine the amount of capital gains

- If he purchases another agricultural land in Chennai on August 2, 2022 for Rs.4,00,000 by withdrawing the deposit account.
- Transfers the land in Chennai city purchased on 3.8.2022 in December 2024 for Rs.20,00,000
- CII for 2008-09=137, for 2021-22 = 317, for 2022-23 = 331.

20. Mr. Mallan who is totally handicapped provides the following information. Compute the taxable income for the assessment year 23-24.

Particulars	Rs.
Salary (per annum)	140,000
Interest on bank saving account	15,000
Interest on Govt. securities	4,000
Long term Capital Gain	40,000
Short term Capital Gain	10,000
Winnings from lotteries(gross)	20,000
Deposit in PPF	40,000
NSC (VIII) purchased during the year	20,000

21. What are the advantages of GST to consumers, traders and state/Central Government?

22. Case Study / Application based Question**Marks: 30**

Mrs. X aged 55 years an employee Director of XYZ Ltd, submits the following information relevant for the assessment year 2023-2024. Compute tax liability for the assessment year 2023-2024.

Salary Rs.7,10,000; Entertainment Allowance Rs.2,000; Bonus Rs.40,000; Education Allowance Rs.4,000 (for her grandchildren); IT penalty paid by employer Rs.1,700; Leave Travel Concession Rs.12,300; Free Residential Telephone Rs.5,000; Free Refreshment during office hours Rs.6,000; Payment of Electricity Bills by employer Rs.7,000; Reimbursement of Gas Bills Rs.8,000; Professional Tax paid by Mrs. X Rs.2,000; Furnished flat owned by the employer at concessional rate at Cochin (population 31 lakh)-fair rent of the House Rs.80,000; Cost of maintenance Rs.15,000; Salary of two watchman Rs.9,000; Salary of attendant Rs.10,000; Rent of air conditioner Rs.6,000; Cost of furniture Rs.40,000; Maruti 800cc car owned by the employer for official and personal use - Depreciation of the car Rs.9,000; Maintenance of car Rs.38,000; Salary of driver Rs.24,000; Arrears of bonus 2005-06 (not taxed earlier) Rs.16,000; Employers contribution to Recognised Provident fund Rs.40,000; Interest credited in PF Account at 10% Rs.20,000; Employers contribution to approved gratuity fund on accrual basis Rs.6,000; Dividend from XYZ Ltd an Indian company Rs.80,000 and Agricultural income from Nepal Rs.4,40,000.

During the year Mrs. X makes the following contribution and incurred expenditure:

- (a) Rent of furnished house paid to the employer, Rs.20,000.
- (b) Payment in respect of use of car Rs.8000, Mrs. X has to pay Rs1.60 per km whenever car is used for personal purposes.
- (c) Contribution towards RPF Rs.142,000.
- (d) Insurance premium for a policy taken on life of her husband Rs.10,000.
- (e) Insurance premium for a policy taken on life of her father Rs.9,000.
- (f) Deposit in Post office savings account for April- May 23 – Rs.10,000.
