

Roll No



**PRESIDENCY UNIVERSITY
BENGALURU**

**SCHOOL OF COMMERCE
END TERM EXAMINATION - JUN 2023**

Semester : Semester IV - 2021

Course Code : COM3025

Course Name : Sem IV - COM3025 - Income Tax 2

Program : BCH&BCM

Date : 14-JUN-2023

Time : 1.00PM - 4.00PM

Max Marks : 100

Weightage : 50%

Instructions:

- (i) Read all questions carefully and answer accordingly.
- (ii) Question paper consists of 3 parts.
- (iii) Scientific and non-programmable calculator are permitted.
- (iv) Do not write any information on the question paper other than Roll Number.

PART A

ANSWER ALL THE QUESTIONS

(10 X 2 = 20M)

1. What is Casual Income? Give any 2 examples of Casual Income. (CO3) [Knowledge]
2. What is Short term Financial Assets? (CO2) [Knowledge]
3. Give the meaning of Speculation Business. (CO1) [Comprehension]
4. Under which head the salary of MP is taxed and why? (CO3) [Comprehension]
5. What is LTCG? (CO2) [Knowledge]
6. What do you mean by Assessment of Individual? (CO5) [Comprehension]
7. Mention any 4 Professional Receipts of Advocate. (CO1) [Knowledge]
8. What do you mean by Carry forward of losses? (CO4) [Comprehension]
9. Define Profession. (CO1) [Knowledge]
10. Name any 4 incomes chargeable to tax under the head income from other sources. (CO3) [Comprehension]

PART B

ANSWER ALL THE QUESTIONS

(4 X 10 = 40M)

11. A. Smt Chamundeshwari (aged 45 years), a resident of Mysore runs a cloth business. Her P/L a/c for year ending 31/3/2022 was as follows:

Particulars	Rs.	Particulars	Rs.
To Salary to Staff	10,00,000	By Gross Profit	30,00,000
To Rent, Rates & Taxes	6,00,000	By Interest on	
To General Expenses	8,00,000	Post Office SB a/c	40,000
To Net Profit	6,40,000		
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	30,40,000		30,40,000

Salary includes proprietor's salary Rs1,20,000 and general expenses includes Rs2,00,000 spent for daughter's wedding.

Compute taxable income from business for the Assessment Year 2022-23. (5M)

- B. State the admissibility of the following expenses while computing profits and gains of business.

- Income tax paid Rs20,000.
- Sales tax paid during the year Rs30,000.
- Interest on loan taken for daughter's marriage Rs10,000.
- Loss due to robbery Rs80,000.
- Legal expenses Rs5,000 to defend the assessee's title to his personal asset. (5M)

(CO1) [Comprehension]

12. From the following particulars furnished by Mr Vikas, compute his income from capital gain for the A.Y.2022-2023.

Date of purchase of house property – 1-12-2001

Cost of acquisition Rs2,50,000

Fair Market Value as on 1-4-2001 is Rs3,50,000

Cost of addition in 2011-12 Rs77,700

Sale proceeds in 2021-22 Rs27,00,000

Cost Inflation Index: 2001-02 -100

2011-12-184

2021-22-317

(CO2) [Comprehension]

13. Explain the provision under section 80G of Income tax Act.

(CO4) [Comprehension]

14. Ms.Sunitha submits the following particulars Incomes and Expenses:

Incomes:

(a) Computed Salary Income Rs. 8,00,000

(b) Computed Income from property let -out Rs. 2,65,000.

(c) Agricultural income from Bangladesh Rs. 2,00,000

(d) Share of income from HUF Rs. 1,70,000

(e) Computed income from STCG Rs.75, 000

Expenses:

(a) Life insurance premium paid Rs.28,000 (sum assured Rs. 25,00,000)

(b) Medical insurance premium paid Rs. 18,000

(c) Loan repayment towards home loan installment Rs. 20,000

(d) Contribution of Rs. 20,000 to the Swachh Bharat Kosh set up by the central government.

(CO5) [Comprehension]

PART C

ANSWER ALL THE QUESTIONS

(2 X 20 = 40M)

15. From the following particulars compute the capital gains of Mr. Umesh :
- Machinery purchased in 2000-01 is 6,00,000 and depreciation allowed Rs.4,00,000 and it was sold for Rs.7,50,000 on 30.07.2021.
 - Sale of commercial building for Rs. 4,50,000 and it was purchased in 2008-09 at a cost of Rs. 1,20,000 and cost of improvement was made in 2008-09 for Rs.50,000.
 - Shares sold for Rs. 50,000 on 20.12.2021. This asset was purchased in October 2001 for Rs.50,000.
 - Sale of listed debentures for Rs. 30,000 on 31.01.2022. These were bought in June 2000 for Rs. 40,000.
 - Sale of residential house, it was inherited from his father in 1999. It was built at a cost of Rs. 4,00,000 by his father in 1995. Additions were made by Mr. Umesh at a cost of Rs. 60,000 in May 2008. It's FMV as on 1.04.2001 was Rs. 12,00,000. This property was sold for Rs. 42,00,000 and selling expenses amounted to Rs.25,000.
 - Self generated goodwill was sold for Rs.2,00,000. The goodwill is related to shop which was established in 2009.
 - Household furniture sold for Rs. 5000. WDV is Rs.3000.
the assessee purchased new residential house property for Rs. 2,50,000.
(CII for 2001-02 = 100; 2008-09 = 137; 2021-22 = 317).

(CO2) [Comprehension]

16. From the following particular of Sri Nagaraja, an ordinary resident of India. Compute the Taxable income under the head Income from Other Sources for the A.Y. 2022-23.
- Dividend in Equity Shares from an Indian Company Rs. 11,000
 - Director setting Fees received from O Ltd. Rs. 2,500
 - Income from Letting on hire of building and machinery under Lease Rs. 60,000 the allowable depreciation is Rs.8,500, repairs Rs. 4,500 and Fire Insurance premium Rs.500.
 - Dividend from Foreign Company received in Newyork Rs. 12,000
 - Interest on Rs. 27,000, 10% tax free debentures (listed) of M/s Mulani and Mulani Ltd.
 - Interest on Rs. 12,000, 7% Capital Investment Bonds of Govt. of India
 - Rs. 3,000 Interest received from 7% National Plan Certificates
 - He has taken a house on rent for Rs. 10,000 p.m. and as Let out 40% portion of the house to a tenant for Rs.5,000 p.m. He has paid Municipal taxes of whole property Rs.2,000 and repairs of the property Rs.5,000 under the agreement.
 - He is an author of a text book which fetched him a gross Royalty of Rs. 75,000
 - He claims Rs. 25,000 salary to the Assistant and Rs. 20,000 other Incidental Expenses
 - Income from Agricultural Land situated in Indonesia received there Rs. 60,000
 - Honorarium received for writing articles in Indian Express Rs. 4,000
 - Received Rs. 35,000 from recognized Lottery Winnings.
 - income from agricultural land situated in srilanka Rs.70,000.
 - Income from articles published in magazines and journals Rs.30,000
 - A credit in his passbook, the source of which cannot be explained Rs.10,000.

(CO3) [Application]