



'समानो मन्त्रः समितिः समानी'

UNIVERSITY OF NORTH BENGAL
BBA Honours 3rd Semester Examination, 2021

CC5-BBA (301)

INCOME TAX LAW AND PRACTICE

Time Allotted: 2 Hours

Full Marks: 60

*The figures in the margin indicate full marks.
All symbols are of usual significance.*

GROUP-A

Answer any two questions from the following

12×2 = 24

1. X is employed in a private limited company in Kolkata. He furnishes the following particulars of his income for the year 2020-21. Compute his income from salary: 12
- (a) Net salary received Rs. 930200.
- (b) Amount deducted from Salary:
- | | |
|-----------------------------|------------|
| (i) Own contribution to RPF | Rs. 65,500 |
| (ii) Income Tax | Rs. 25,400 |
| (iii) Professional Tax | Rs. 2,400 |
- (c) He is provided with a car (cubic capacity of the engine: 1.2 litres) both for official and private works. Entire expenses including driver's salary are paid by the employer.
- (d) His employer paid life insurance premium of Rs. 24,500 on his behalf.
- (e) His salary includes medical allowance of Rs. 3,500 per month and house rent allowance of Rs. 6,200 per month.
- (f) He lives in a rented accommodation in Kolkata paying monthly rent of Rs. 12,500.
- (g) Salary of the gardener paid by the employer was Rs. 500 per month.
- (h) The electricity and water bill of the rented house paid by the employer: Rs. 1,200 per month.

2. (a) Mr. Roy is the owner of two houses, the particulars of which for the year 2020-2021 are furnished below:

12

	<u>House 1</u>	<u>House 2</u>
Construction Completed on	31.03.2002	30.09.1998
How used	Let out	Self-occupied
Municipal Value	Rs. 36,000	Rs. 27,000
Rent Received	Rs. 30,000	—
Fair Rent	Rs. 48,000	Rs. 36,000
Insurance Premium	Rs. 3,000	Rs. 1,500
Land Revenue	Rs. 800	Rs. 300
Interest on Loan	Rs. 5,300	Rs. 5,700
Repayment of principal amount of loan	Rs. 1,200	Rs. 900

Municipal tax is levied @10% of Municipal value. House 1 remained vacant for 2 months during the year. Compute Income from House Property of Mr. Roy for the Assessment year 2021-22.

3. Sri Ram is the owner of a business. Following is his P/L A/c for year ended 31.3.2021.

12

Particulars	Amt. (Rs.)	Particulars	Amt.(Rs.)
Establishment charges	5,110	Gross profit	50,870
Rent, rates and taxes	2,900	Int. on Govt. Securities	5,350
Sundry expenses	7,050	(Gross)	
Household expenses	1,880	Rent for property	5,400
Prov. for bad debts	1,200		
Loss on sale of motor car (used for private purpose)	1,500		
Insurance premium (incl. Life Insurance of Rs. 1,790)	2,880		
Int. on bank loan	1,380		
Prov. for depreciation	6,400		
Net Profit	31,020		
	61,620		61,620

- (i) Bad debts written off during the year Rs. 650
- (ii) Admissible depreciation as per IT rules Rs. 1,600
- (iii) The assessee is running his business in a rented property half of which is used by him for his own residence. Rent of Rs. 2,400 in respect of entire house is included in rent, rates and taxes. The balance is on account of municipal tax paid for property on rent.

Compute the G.T.I of Sri Ram for A. Y. 2021-22.

4. Explain clearly the meaning of the term 'Dividend' under IT Act. Discuss the law relating to the taxation of dividend income.

12

GROUP-B**Answer any four questions from the following**

6×4 = 24

5. (a) From the following particulars for the year 2020-21, calculate the amount of depreciation and capital gain (or loss): 6
- W.D.V of the block of plant and machinery on 1st April 2020 (consisting of plants A & B depreciation rate being 15%): Rs. 150,000.
- Cost of plant C (depreciation rate 15%) acquired during the year: Rs. 50,000.
- All plants are sold during the year for (i) Rs. 180,000 and (ii) Rs. 2,50,000.
- (b) Intiaz submits the following particulars of his incomes and outgoings for the year 2020-21. 6
- (i) Income from lottery (net after tax @ 30%): Rs. 84,000
- (ii) Rent from sub-letting of house Rs. 108,000, rent collection charge Rs. 1,800, insurance premium Rs. 4,800 and rent paid Rs. 84,000.
- (iii) Dividend from ABCL Ltd., an Indian company: Rs. 24,000.
- (iv) Dividend from Johnson Ltd., a foreign company: Rs. 72,000.
- Compute his income from other sources for the assessment year 2021-22.
- (c) Mr. D. Poddar, an employee of a private company in Kolkata (not covered under Payment of Gratuity Act) retired from service on 31.12.2020 after 32 years and 8 months of service. He received gratuity of Rs. 9,80,000. His salary at the time of retirement was Rs. 32,000 per month and dearness allowance was Rs. 6,400 per month (not forming part of salary). His increment of Rs. 900 per month fell due on 1st July every year. Calculate the amount of taxable gratuity for the assessment year 2021-2022. 6
- (d) Write note on: 6
- Residential Status and Incidence of Income Tax.
- (e) Mr. Ram comes to India on 10th May 2019 after staying for 10 years in U.S.A. He stays in India upto 4th January 2022 and leaves India on 5th January 2022 for U.S.A. During his stay in India he did not stay for more than 15 days at any particular place as he was exploring possibilities of a new business. Discuss his residential status for the Assessment Year 2021-2022. 6
- (f) Discuss the provisions of Income Tax Act regarding carry forward and set off of business losses. 6

GROUP-C

6. Answer any **four** questions from the following: 3×4 = 12
- (a) Write a short note on Annual Value of House property. 3
- (b) What is the deduction available under Sec 80-IB in respect of having projects. 3
- (c) How will you adjust the following in the assessment, for the A.Y. 2021-22. 3
- (i) Business loss of 2012-13 Rs. 80,000
- (ii) Short term capital loss of 2013-14 Rs. 15,000
- (iii) Loss from house property in 2015-16 Rs. 22,000

- (d) Mrs. Satya received the following amounts during F.Y. 2020-21 3
- | | |
|---|--------------|
| (i) Gross Salary | Rs. 5,70,000 |
| (ii) Family pension 10000×12 | Rs. 1,20,000 |
| (iii) Income of minor child | Rs. 49,000 |
| (iv) Accumulated balance in PF of her husband after his death | Rs. 1,00,000 |
| (v) Gratuity received after the death of her husband | Rs. 1,00,000 |

Calculate the taxable income and tax liability of Mrs. Satya for A.Y. 2021-22.

- (e) How would you treat Bad debts and interest on capital while computing business income? 3
- (f) The total income of Mrs. R aged 60 years, a resident of India for P.Y. 2020-21 is Rs. 9,46,300 $1\frac{1}{2} + 1\frac{1}{2} = 3$
- (i) Compute her tax liability for A.Y. 2021-22.
- (ii) What will be tax payable if Mrs. R is a non-resident?

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