

2023

COMMERCE

Paper : COMHC4106/RC4056

(Income Tax and Practices)

Full Marks : 60

Pass Marks : 24

Time : 3 hours

The figures in the margin indicate full marks
for the questions

1. Choose the correct answer from any five of
the following :

(a) Section 2(24) of the Income-tax Act,
1961 defines the term

(i) assessment year

(ii) assessee

(iii) income

(iv) agricultural income

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(Turn Over)

(b) The daily allowance received by a Member of the Parliament is

- (i) taxable
- (ii) exempted
- (iii) partly taxable
- (iv) None of the above

(c) A perquisite or perk is

- (i) cash paid by employer to employee
- (ii) facility provided by the employer to the employee
- (iii) amount credited to employees
- (iv) None of the above

(d) Value of rent-free accommodation, a house owned by employer in case of non-government employees with less than 10 lakh population as per 2001 Census is

- (i) 10% of employee's salary
- (ii) 15% of employee's salary
- (iii) 12% of employee's salary
- (iv) 7.5% of salary

(e) Capital gain is the gain which arises from the transfer of

- (i) land and building only
- (ii) shares of Blue Chip company only
- (iii) capital assets
- (iv) Both (i) and (ii)

(f) Income received in outside India from a profession set up outside India is taxable for

- (i) resident and ordinarily resident in India
- (ii) resident but not ordinarily resident in India
- (iii) non-resident
- (iv) Both (i) and (ii)

(g) Rent received by sub-letting a building is taxable under the head

- (i) income from house property
- (ii) income from capital gains
- (iii) income from profit and gains of business or profession
- (iv) income from other sources

(4)

(h) STCL can be set off in the same assessment year from

(i) STCG

(ii) LTCG

(iii) both STCG and LTCG

(iv) Not possible

(i) Which Section of the Income-tax Act, 1961 defines the term 'assessee'?

(i) Section 3

(ii) Section 2(9)

(iii) Section 2(31)

(iv) Section 2(7)

(i) Income from salary includes

(i) basic salary

(ii) allowances

(iii) perquisites

(iv) All of the above

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(Continued)

(5)

2. Answer any five of the following questions :
2×5=10

(a) X joins an Indian company on January 23, 2022. Prior to January 2022, he is not in employment. He has no other source of income. What are the previous years for the Assessment Years 2022-23 and 2023-24?

(b) Mention any two fringe benefits for which fringe benefit tax is required to be paid by the employer and are not taxable in the hands of employees.

(c) How is the residential status of company determined?

(d) Who is said to be 'assessee-in-default'?

(e) What is meant by a 'person' under the Income-tax Act, 1961?

(f) What is long-term capital gains?

(g) What is the meaning of salary for the purpose of calculating taxable house rent allowance?

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3. Answer any five of the following questions :
5×5=25

(a) Who is a resident but not ordinarily resident in India?

(b) Sri Ramdev Sharma is an employee of a private sector organization. He is the father of three children who are studying in schools and residing in school hostel. During the previous year 2021-22, in addition to his basic salary and DA, he received the following allowances from his employer :

Children education allowance ₹ 2,000 per month for each child.
He spent ₹ 400 per month as tuition fees to the school for each child.

Hostel expenditure allowance ₹ 3,000 per month for each child.
He paid ₹ 1,800 per month as hostel expenditure for each child to school.

Examine the taxability of the amount of children education allowance and hostel expenditure allowance received by Sri Ramdev Sharma for the Assessment Year 2022-23.

(c) Mr. Sushanta had purchased a residential house property on 16.6.2004 for ₹ 2,40,000. He had spent ₹ 1,50,000 on improvement of the house during the year 2008-09. On 4.8.2021, he sold the house for ₹ 18,85,000 (Stamp Duty Value ₹ 17,80,000). His expenses on transfer amounted to ₹ 45,000.

Compute the amount of 'capital gains' for the Assessment Year 2022-23.
Given :

| Previous Year | Cost Inflation Index (CII) |
|---------------|----------------------------|
| 2004-05 | 113 |
| 2008-09 | 137 |
| 2021-22 | 317 |

(d) What are the conditions for intra-head and inter-head set off of losses?

(e) What is the mode of set-off and carry forward?

(f) Give the names of five types of donations for which 50% deduction is allowed u/s 80G without any limit.

(g) Mention five items of income which are chargeable to tax as per Section 56(1) of the Income-tax Act under the head 'Income from Other Sources'.

(h) Explain five items of expenses which are expressly allowed as deduction under Section 30 to 35 of the Income-tax Act while computing the 'profits and gains of business or profession'.

(i) Gaurav Das is the owner of a house property in Guwahati. The municipal value of the house is ₹ 1,10,000 and fair rental value is ₹ 1,30,000. The standard rent of the house is ₹ 1,15,000. It was occupied by Gaurav himself for his residence from 1.4.2021 to 1.6.2021. The house was let out for the remaining part of the year at a monthly rent of ₹ 10,000 per month. Municipal tax paid during the year is ₹ 9,000.

Compute the Net Annual Value of the house property for the Assessment Year 2022-23.

4. Answer any two of the following questions :
10×2=20

(a) Define agricultural income. Give ten examples of incomes which are related to land but are not agricultural incomes.
5+5=10

(b) Following are the particulars of income of Mr. K. Deka, for the previous year 2021-22 :

(i) Salary received in India for services rendered in India—₹ 40,000

(ii) Salary received in India for services rendered in Germany—₹ 30,000

(iii) Income received in India from property in London—₹ 12,000

(iv) Profit from business in Pakistan received in India—₹ 8,000

(v) Profits of business in Canada being controlled from India deposited in a bank in Canada—₹ 6,000

(vi) Profit earned from business in Guwahati—₹ 16,000

(vii) Profit of business at Atlanta, USA but not controlled from India—
₹ 10,000

(viii) Past untaxed foreign income brought into India during the previous year—₹ 9,000

Ascertain the income of Mr. K. Deka for the Assessment Year 2022-23 assuming that he is a resident and ordinarily resident; a resident but not ordinarily resident; and a non-resident.

(c) Mr. Diganta Baruah is an employed in a private limited company in Guwahati, Assam. During the previous year 2021-22, he received the following payments or perks from his employer :

(i) Basic Salary—₹ 40,000 per month

(ii) Dearness Allowance—₹ 10,000 per month

(iii) Entertainment Allowance—₹ 1,500 per month

(iv) Servant Allowance—₹ 500 per month

(v) Uniform Allowance—₹ 600 per month (actual expenditure ₹ 200 per month on an average)

(vi) Free furnished accommodation, for which the employer paid a rent of ₹ 7,000 per month; cost of furniture provided in the house is ₹ 30,000

(vii) Employer's contribution to RPF @15% p.a. on basic salary

During the previous year his employer deducted ₹ 2,500 as professional tax from his salary. Compute his income from salary for the Assessment Year 2022-23.

(d) State the provisions of the Income-tax Act, 1961 relating to the income of other person is included in the income of the assessee.
