

Register Number:

Date:

**ST. JOSEPH’S COLLEGE (AUTONOMOUS), BANGALORE-27**

**B.Com IFA – II SEMESTER**

**SEMESTER EXAMINATION: April 2022**

**(Examination conducted in July-August 2022)**

**BC IFA 2419 - Income Tax I**

**Time: 2 ½ Hours Max Marks: 70**

**This paper contains three printed pages and four parts**

**I Answer any five of the following (5 X 2 = 10 marks)**

1. Who is a person according to section 2(31)?
2. Mention two cases in which test of 2nd basic condition is not applicable.
3. Give any two fully exempted allowances
4. What is cannon of equity according to Adam Smith?
5. Mention the provision of section 16(II), for computing entertainment allowance for government employees.
6. Section 23(1), Rule 4 of Income Tax Act, state the conditions for claiming unrealized rent.

**Section B**

**II Answer any three of the following (3 x 5 = 15 marks)**

1. Chatur Ramalingam came to India for the first time on July 24, 2017. From July 24, 2017 to December 25, 2018, he was in India. Again, he came to India on August 5, 2021 for employment purpose & left India on November 25, 2021 permanently. Determine his residential status for the assessment year 2022-23.
2. From the view point of section 2(1A), decide whether the following incomes are agricultural income or not by giving appropriate reasons:
3. Income received as interest on arrears of rent payable in respect of agricultural land.
4. Income from sale of trees, which come from forests where these were replanted and subsequent operations carried out.
5. Income from conversion of sugarcane into jaggery by the farmer himself.
6. Dividend paid by a company to its shareholders out of its agricultural income.
7. Compensation received from insurance company on account of damage to crop due to floods.
8. Calculate the allowable interest on loan under section 24(b) for the previous year.

Date of Borrowing the Loan 01/06/2010

Date of Repayment of Loan 10/05/2018

Date of Completion of Construction of the house May 2015

Amount of loan borrowed Rs. 60,000/-

Rate of Interest 20% per annum.

1. Mr. Raju an employee of Prime Enterprises retired from his service on 30-06-2021. On retirement his pension was fixed at Rs. 20,000pm. However, on 1-1-2022 Mr. Raju decided to commute 60% of the pension and received Rs. 6,00,000. Determine the amount which is taxable for the assessment year 2022-2023, assuming

(A) He was not in receipt of any gratuity and (b) He also receives gratuity

**Section C**

**III Answer any three of the following** (**3 x 10 = 30 marks)**

1. Mr. Phunsukh provides following details of income, calculate the income which is liable to be taxed in India for the A.Y.2022-23 assuming that:
	1. He is an ordinarily resident
	2. He is not an ordinarily resident
	3. He is a non-resident.
2. Income from salary in India received in Dubai Rs. 5,59,000.
3. Dividend received in Singapore from an American company Rs. 56,000.
4. Profit received in London from a business situated in Sri Lanka but controlled from India Rs. 7,50,000.
5. Remittance received in India from Singapore out of past untaxed profit of 2014-15 Rs. 1,00,000.
6. Gift from a non-relative in India received in Dubai Rs. 55,000.
7. Share of Profit received in Dubai from a business situated in Delhi but controlled from partially from Pakistan and partially from Delhi Rs. 2,50,000.
8. Dividend on shares of an Indian company but received in Canada Rs. 1,00,000.
9. Income from property in Australia and received in U.S.A. Rs. 15,000.
10. Interest on U.K. Development Bonds Rs. 20,000. 1/4th being received in India.
11. Capital gain on sale of house in Noida, consideration received in New York Rs.5,00,000.
12. Mr. Peter Parker (resident) is an employee in IBM India, Hyderabad. He gives you the following information.
13. Basic salary Rs. 8000PM
14. Dearness Allowance Rs. 6000PM (Rs. 1000PM enters for retirement benefits)
15. Family allowances Rs. 600PM
16. City compensatory allowance Rs. 800PM
17. Entertainment allowance Rs. 750PM
18. Education allowance for two children at Rs. 350PM per child
19. Night shift allowance Rs. 2000PM
20. Marriage allowance Rs. 50000PA
21. Over time allowance Rs. 1000PM
22. House rent allowance of Rs. 1600PM but he pays Rs. 3000PM as actual rent.
23. Hostel expenditure allowance for two children @ Rs. 300PM per child
24. Project allowance for developing a special software for the company Rs. 50,000(fully spent)
25. He and his company contribute 14% of salary towards RPF
26. Interest on RPF was Rs. 15000 at 15% PA

Compute Income from salary for the A.Y 2022-23.

1. From the following particulars of house properties of Mr. Vishwanath compute his income from house property for the assessment year 2022-23.

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
| **Particulars** | **HP I** | **HP II** | **HP III** | **HP IV** |
| Purpose of use | Self-occupied | Self-occupied | Let out for residence | Let out for business |
| Municipal Value | 8,000 | 9,000 | 20,000 | 24,000 |
| Actual rent | -  | - | 24,000 | 30,000 |
| Municipal tax  | 1,600 | 1,800 | 4,000 | 4,800 |
| Repair charges | 1,000 | - | 3,000 | - |
| Interest on loan for renovation | 1,180 | - | 1,800 | 4,200 |
| Unrealized rent | - | - | 3,000 | - |
| Vacancy period | - | - | 3 months | - |

**Section D**

**IV** **Compulsory Question (1 X 15 = 15 marks)**

1. Miss Thomas (resident) is an officer in HSBC, Bangalore having its headquarters in London. She gives you the following particulars.
2. Basic Salary Rs. 12500PM
3. D.A 30% of basic which is treated as part of salary for retirement benefits.
4. Children hostel allowance of Rs. 500PM per child for two children
5. Professional tax paid by her Rs. 200PM.
6. Services of sweeper, watchman and cook were provided by the employer on a monthly salary of Rs. 750, Rs. 950, Rs. 1050 per month respectively.
7. The company provides her a car (1800CC) with a driver and all the expenses are met by the employer.
8. The company requisitioned her for a refresher course in London and the cost of travel, stay expenses amounting to Rs. 56500 were met by the company.
9. She is provided with fully furnished accommodation. The FRV of accommodation is Rs. 10000PM. The rental charges paid by the company for use of furniture amounts to Rs. 9800.
10. Mediclaim insurance paid by the employer on her life is Rs. 5000
11. Free refreshments during office hours Rs. 4000PM

Compute her income from salary for the A.Y 2022-23.