**ST. JOSEPH’S UNIVERSITY, BANGALORE-27**

**B.Com IFA - II Semester**

**SEMESTER EXAMINATION: APRIL 2023**

**(Examination conducted in May 2023)**

**BCIFA2121 –Taxation**

**Time: 2 Hours Max Marks: 60**

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

**Section A**

**I Answer any five of the following (3 X 5 = 15 marks)**

1. State whether following transactions are (a) Agriculture Income (b) Non-agricultural income:
   1. Income earned by a cultivator from conversion of sugarcane (raised on own land) to jaggery.
   2. Remuneration to a Director or Managing Director from a company engaged in agricultural business.
   3. Agricultural produced received as rent in lieu of rent payable for the agricultural land.
2. Enlist any two exempted incomes as per section 10
3. Give the meaning of composite rent
4. Name any 3 incomes taxable under other sources.
5. Mention two cases in which test of 2nd basic condition is not applicable.
6. Define person as per section 2(31)

**Section B**

**II Answer any two of the following (5 X 2= 10 marks)**

1. Mr. Sagar retired on 19th October, 2022 after putting 30 years, 8months and 19 days of service. On retirement he received a gratuity of Rs. 4,60,000 from his employer MNC limited. Basic salary of Mr. Sagar upto 2021 was Rs. 20,000pm, however it was revised in 2022 to Rs. 22,000pm. He was also getting a dearness allowance of Rs. 5,000pm in 2022, which was Rs. 4,000pm in 2021. 50% dearness allowance enters retirement benefits. Assuming he is not covered under the payment of gratuity act, compute his taxable income from gratuity for AY 2023-24.
2. Mr. Ravi, a foreign citizen, not being a person of Indian origin leaves India for the first time in the last 20 years on 20-11-2020. During the calendar year 2021 he comes to India on 1-09-2021 for a period of 30 days. During the calendar year 2022 he does not visit India, but comes back to India on 16-01-2023. Determine his residential status for Assessment Year 2023-24.
3. Define the following terms
   1. Capital asset
   2. Transfer
   3. Capital Gain

**Section C**

**III Answer any two of the following (10 X 2 = 20 marks)**

1. Mr. Rajesh owns two house properties both of which are let out. Compute his income from the following details:

| **Particulars** | **House I** | **House II** |
| --- | --- | --- |
| Situated at | Hyderabad | Bangalore |
| Gross Municipal value (GMV) | 1,00,000 | 2,00,000 |
| Fair Rent | 95,000 | 2,10,000 |
| Standard rent | 90,000 | 2,00,000 |
| Actual rent receivable | 1,00,000 | 1,80,000 |
| Unrealized rent of current year | 8,000 | 2,000 |
| Municipal tax | 10% of GMV | 1,000 |
| Fire insurance | 2,000 | 1,200 |
| Repairs | NIL | 2,000 |
| Interest on loan for construction (@ 12%) | 10,000 | NIL |

Other Information:

(a) Loan taken for construction is still unpaid.

(b) Municipal tax of H1 is still unpaid, while, that of H2 is half paid by tenant.

1. From the following information of Prof. Rajee (resident). Compute her income from other sources for the AY 21-22.

* She gave management consultancy service to a member of entrepreneurs during the year and received Rs. 45,000 from the clients. She claims that she has spent Rs. 5,000 on related travelling.
* She is a member of parliament and received a salary of Rs. 15,000 p.m. and daily allowance of Rs. 60,000 for attending various sessions. She claims an amount of Rs. 15,000 as expenditure for maintenance of the office.
* She is an author of the textbook, which fetched her a gross royalty of Rs. 45,000.
* She claims Rs.24,000 salary of a clerk who collects necessary data, Rs. 4,000 purchase of books in connection with the revision of the book and Rs. 1,200 telephone expenses in connection with printing, publishing etc.
* She lives in a rented house paying a rent of Rs. 6,000 p.m. The house is too big for her family and hence she has sub-let 1/3rd portion of the house on a rent of Rs. 3,000 p.m. to a tenant. She has undertaken the liability of paying Municipal taxes of Rs. 6,000 of the whole house and also current repairs of the whole house amount to Rs. 3000.

1. R constructed one house in 1981 50% of the property is let out and 50% is occupied for the residence. The self occupied portion was let for 4 months. The particulars are:

| Particulars | Amount (Rs) |
| --- | --- |
| Municipal value of full house | 1,20,000 p.a. |
| Annual rent of 50% portion | 6,000 p.m. |
| Rent of 50% of portion let out for 4 months | 6,000 p.m. |
| Standard rent | 12,000 p.m. |
| Municipal taxed paid | 20,000 |
| Ground rent due | 3,000 |
| Repairs | 5,000 |
| Fire Insurance Premium | 2,000 |
| Collection charges | 1,500 |
| Interest on loan taken for construction | 30,000 |

Determine his income from house property for assessment year 2020-21.

**Section D**

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

1. Sham provides following details of income, calculate the income which is liable to be taxed in India for the A.Y.2023-24 assuming that –

a) He is an ordinarily resident b) He is not an ordinarily resident c) He is a non-resident.

| **Particulars** | **Amount** |
| --- | --- |
| Salary received in India from a former employer of UK | 1,40,000 |
| Income from tea business in Nepal being controlled from India | 10,000 |
| Interest on company deposit in Canada (1/3rd received in India) | 30,000 |
| Profit from a business in Mumbai controlled from UK | 1,00,000 |
| Profit for the year 2002-03 from a business in Tokyo remitted to India | 2,00,000 |
| Income from a property in India but received in USA | 45,000 |
| Income from a property in London but received in Delhi | 1,50,000 |
| Income from a property in London but received in Canada | 2,50,000 |
| Income from a business in Zambia but controlled from Turkey | 10,000 |

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