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

**B.COM: V SEMESTER**

 **END SEMESTER EXAMINATION - OCTOBER 2021**

**(Examination Conducted in January- March 2022)**

**BC 5218/ BPS 5218: Income Tax I**

**TIME: 21/2 Hour MAX. MARKS: 70**

**This paper contains 4 printed pages and four parts**

**SECTION A**

**Answer any FIVE of the following. Each question carries two marks. (5x2=10)**

1. Define the term person?
2. State whether the following incomes are agricultural or Non- agricultural incomes with reason
3. Income from sale of forest trees of spontaneous growth.
4. Income from agricultural land situated in urban area.

3. Mention the basic conditions to be satisfied by an individual for a residential status of resident.

4. State the chargeability under section 22.

5. Give two examples of exempted income u/s 10.

6. What is uncommuted pension?

**SECTION B**

**Answer any THREE of the following. Each question carries five marks. (3x5=15)**

7. Mr. Ravi (resident) a marketing manager in Bangalore, retired from ABC Ltd. On Dec 15, 2020 after 27 years and 8 months of service and receives Rs.5,50,000 as retirement gratuity. His average basic salary for the preceding 10 months ended on 30th Nov 2020 was Rs.20,400 p.m. Besides he has received Rs.2,000 p.m. as DA, 60% of which forms a part of the salary for the purpose of computation of all retirement benefits and 5% commission on turnover achieved by him. Total turnover achieved by him for 10 months ended on 30th Nov 2020 is Rs.2,00,000. Assume he is not covered under Gratuity Act. Compute the taxable Gratuity for the Assessment Year 2021-22.

8. Briefly explain the cannons of Taxation.

 9. From the following information determine the annual value of the house:

 Municipal value 1,60,000

 Fair rent 2,40,000

 Standard rent 2,00,000

The house was self-occupied for four months .Municipal tax paid by the owner Rs.20,000.Compute income from House Property if it is let out for

a. Rs.20,000 pm

b. Rs.30,000 pm.

10. A, for his business purposes, keep on commuting to and fro India. He leaves India on 18th April, 2020 and then comes back to India on 9th January, 2021. His stay in India during earlier years is as follows: 2018-19: Nil; 2017-18: 54 days; 2016-17: 162 days, 19-20: 152 days. Prior to this, he never went out of India. Determine his residential status.

**SECTION C**

**Answer any TWO of the following. Each question carries fifteen marks. (2x15=30)**

11. Compute the income under the head salary of Mr. Vishnu for the assessment year 2021-22 from the following particulars:

a. Basic Salary Rs.15,000 p.m.

b. Dearness Allowance Rs. 400 p.m. (which enters the retirement benefit as per the terms of employment)

c. Bonus Rs.8,000 p.a.

d. Rent- free accommodation in Delhi provided by Sunshine Ltd, the employer, fair rental value being Rs.40,000

e. The cost of furniture provided therein is Rs.20,000

f. Entertainment allowance Rs.1,000 p.m.

g. His contribution to RPF is at 12%

h. Employer’s contribution to RPF is Rs.20,000 p.a.

i. Interest of RPF balance at 12% p.a. is Rs.36,000

j. Life insurance premium paid by Vishnu is Rs.24,000 p.a. on a policy of Rs.2,60,000

h. Free use of motor car of 1.9ltrs. engine capacity with driver, partly for official purpose and for personal purpose

i. He has been provided with the facility of a gardener and a cook who are each paid Rs.300 pm by the employer.

12. a) Z, a resident of Delhi, owns two houses, particulars of which are as below:

|  |  |  |
| --- | --- | --- |
| **Particulars** | **House I** | **House II** |
|   | Rs. | Rs. |
| Standard rent under the Rent Control Act | 86,000 | 82,000 |
| Municipal Valuation | 90,000 | 1,00000 |
| Fair rent  | 1,10,000 | 2,20,000 |
| Actual rent received | Nil | 1,00,000 |
| Municipal taxes paid during the previous year | 22,000 | 15,500 |
| Fire insurance Premium | 2,000 | 10,000 |
| Water benefits tax(due but outstanding) | 2,200 | 2,500 |
| Interest on loan is taken to construct the house | 55,000 | 12,500 |
| Rent of lease(due but outstanding) | 2,500 | 2,500 |
| Municipal tax paid by tenant | 2,000 | 3,000 |
| Land revenue  | 5,000 | 6,000 |
| Interest on borrowed capital for payment of municipal tax of house property | 2,000 | 4,000 |
| Use of the asset | Self Occupied | Rented for Residence |

Ascertain the taxable income of Z for the Assessment year 2021-22 from the head 'Income from House Property'. The house I is constructed in Feb., 2021 whereas house II in 2011. **(10 Marks)**

b) Write a note on Central Board of Direct Tax (CBDT) **(5 Marks)**

13. a) X, a foreign citizen, resides in India during the previous year 2020-21 for 83 days. Determine his residential status for previous year 2020-21 assuming his stay in India during the last few previous years are as follows - **(8 Marks)**

|  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- |
| **Year** | **Days** | **Year** | **Days** | **Year** | **Days** | **Year** | **Days** |
| 2005-06 | 220 days | 2009-10 | 36 days | 2013-14 | 137 days | 2017-18 | 175 days |
| 2006-07 | 15 days | 2010-11 | 115 days | 2014-15 | 265 days | 2018-19 | 15 days |
| 2007-08 | 257 days | 2011-12 | 123 days | 2015-16 | 310 days | 2019-20 | 67 days |
| 2008-09 | 110 days | 2012-13 | 65 days | 2016-17 | 121 days |  |  |

b. Ms.Tanvi is an employee of Google and is filling her tax returns for AY 21-22. She would like you to help her file her returns by stating the taxability for the following

 **Allowances and Perquisites received by Ms.Tanya ( 7 marks)**

1. City compensatory allowance Rs.500 pm
2. She has contributed Rs. 20,000 p.a to recognised provident fund
3. Medical allowance of Rs. 10,000 pm
4. Servant allowance Rs. 500 pm
5. Employers contribution to recognised provident fund is Rs. 15,000 p.a
6. Club bill of Rs. 10,0000 reimbursed by employer.
7. Professional development allowance of Rs.8,000.

**SECTION D**

**Answer the following compulsory question. The question carries fifteen marks. (1x15=15)**

14. Mr. Avinash furnishes the following Particulars of his Income earned during the previous year 2020-21.

|  |  |  |
| --- | --- | --- |
| **Sl.** **No** | **Particulars** | **Amount****Rs.** |
| 1 | Profit from business in Mumbai | 1,00,000 |
| 2 | Income from agriculture in Nepal | 3,80,000 |
| 3 | Income from property in Malaysia received there | 4,00,000 |
| 4 | Income earned on UK Government securities 1/3 received in India | 3,00,000 |
| 5 | Income from business in Iran controlled from Mumbai (Rs.70000 received in India) | 1,70,000 |
| 6 | Dividend from domestic company  | 2,000 |
| 7 | Profit on sale of building in Chennai received in Nepal | 1,00,000 |
| 8 | Income from agriculture in Haryana | 2,00,000 |
| 9 | Profit on sale of plant at London (50% received In India) | 1,00,000 |
| 10 | Rent from House Property (Computed ) in Nepal received there  | 40,000 |
| 11 | Profit from business in Mysore received in Hassan | 50,000 |
| 12 | Dividends from UK based company received in UK | 54,000 |
| 13 | Past untaxed foreign income brought to India in the PY 2020-21 | 40,000 |
| 14 | Share from HUF | 60,000 |

Compute his income for the Assessment year 2021-22, If he is:

1. Resident and ordinarily Resident

2. Not ordinarily Resident

3. Non resident